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NEWS SUMMARY

GENERAL

Council building budget 'scandal'

An audit has uncovered overspending of some £1.5m for construction work done by the Greater London Council. Last night Mr. Horace Cutler, leader of the council, described the situation as "scandalous."

The audit also found the GLC construction branch is currently spending about £250,000 above its budget in spite of a 50 per cent cut in workload.

In the council's housing maintenance branch, the auditor discovered "overbooking" of time sheets and job tickets which, he says, "must give rise to serious concern." Page 7

Climber dies in K2 bid

British climber Nick Estcourt, 33, has been killed by an avalanche during an attempt on K2, in Pakistan the world's second-highest mountain. Estcourt, married with three children, was part of an eight-man team led by Chris Bonnington. The climb has now been called off.

Record price

A watercolour by Albert Durer fetched a world record £640,000 for Old aMster drawings during the Robert von Hirsch collection sale at Sotheby's, where the previous record price—£162,000—was paid for a Michelangelo two years ago.

Weizman row

Mr. Menahem Begin, Israel Prime Minister, is under pressure from his party to dismiss Mr. Ezer Weizman, the Defence Minister. Mr. Weizman openely [illegible] Mr. Begin in Cabinet over the West Bank and Gaza and later disobeyed a ruling that all Cabinet Ministers should vote after a Knesset debate. Page 4

Guerrilla haul

Urban guerrillas in West Germany have netted more than DM 10m (£2.6m) from bank robberies in the past five years, according to an Interior Ministry estimate. The total number of bank robberies in West Germany has risen from 376 in 1975 to 639 last year.

Goodness!

John Morgan, 60, who has spent more than half his life in prison as a result of 445 offences going back to 1936, was told by a judge in Edinburgh: "One of the problems in this case is to know where you should go. One of the places might be the Guinness Book of Records." Morgan was jailed for five years on theft and forgery charges.

TV tennis safe

Post Office engineers decided not to disrupt television coverage of the Wimbledon tennis tournament next week as part of their industrial action in pursuit of a 35-hour week. But their action is affecting many services, including new telephone connections.

Briefly . . .

The Tory-controlled Kirklees, Yorkshire, education authority has rejected an ultimatum from Mrs. Shirley Williams to bring in comprehensive education and is prepared to take the Education Secretary to court.

Scientists at Munich University have found a way of disintegrating gallstones without surgery by using high-intensity shock waves.

Runaway "sex in chains" case girl Joyce McKinney and her friend Keith May were ordered—in their absence—to forfeit £1,000 bail or face 12 months in jail.

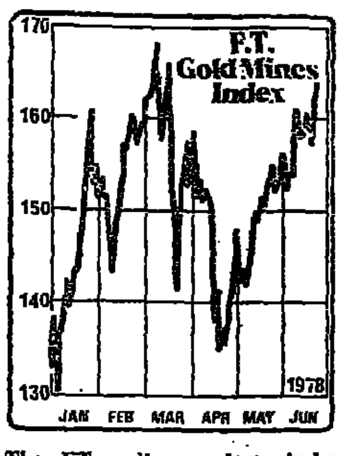
President Barre of Somalia arrived in London for talks which are expected to include possible military help for his country.

Film director Blake Edwards is to receive "substantial damages" from Private Eye after offensive references of him in the magazine.

BUSINESS

Inflation fears hit Equities and Gilts

● EQUITIES were undermined by concern about inflation but rallied slightly in late dealings.



The FT ordinary share index was 3.6 lower at 463.4. The Gold Mines index climbed 4.1 to 164.2—a three-month high—ahead of the U.S. gold auction.

● GILTS closed above the lows. The Government Securities index was 0.20 down at 69.74.

● GOLD rose $1¼ in active dealing and closed at $186½. In New York the Comex June price was 60 points down at $186.00.

● STERLING remained on the sidelines in foreign exchange markets. It closed 52 points higher at $1.8402. Its trade-weighted index was unchanged at 61.3. The dollar's depreciation widened to 6.4 (6.1) per cent.

● WALL STREET closed 3.85 down at 830.1.

● U.S. TREASURY bill rates were: threes, 6.666 per cent (6.618) and sixes, 7.228 per cent (7.121).

● U.S. TREASURY said it sold 300,000 ounces of gold at an average price of $187.06 at its auction yesterday.

£200m refinery project halted

● CROMARTY Petroleum has suspended initial building work on its proposed £200m refinery at Nigg Bay, Scotland, pending a review of the project. Page 6

● INDUSTRIALISTS believe they are winning over the Chancellor of the Exchequer to their view that a cut in the working week should not be included in the next stage of the Government's pay policy.

Mr. Healey told a Commons sub-committee the proposed increase in national insurance surcharge would raise unemployment by only 5,000 by the second quarter of next year. Back Page, Editorial comment Page 18

● EEC will provide £1.5m towards a £2m programme to retrain 3,374 redundant British Steel Corporation workers and provide resettlement allowances. Page 7

● NEB plans to make micro-electronic circuits at a cost of £50m have given rise to "some criticism and anxiety." says Sir Keith Joseph, Conservative spokesman on industry. Back Page

● BL CARS has called a meeting with shop stewards at Longbridge, Birmingham, on Friday to discuss its concern about unofficial strikes. Page 8

COMPANIES

● AUDIOTRONIC Holdings, owner of the Lasky's chain, has been forced to raise £1.5m in new capital because of a disastrous move into the French hi-fi market. Back Page; Details Page 23

● PLESSEY had pre-tax profit up 6.3 per cent to £42.88m in the year to March 31. Page 21 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Anderson Strathclyde	62	+ 4
Breedon Lime	104	+ 4
IoM Railways	£19	+ 9
Pilkington	543	+ 8
Powell Duffryn	180	+ 12
Trident Group	70	+ 15
Royal Dutch	£48½	+ ¾
Anglo-American	340	+ 14
Anglo Am. Inv. Tst.	£41¼	+ 1¾
Buffels	£10¾	+ ¾
De Beers Dfd.	380	+ 5
East Driefontein	768	+ 23
Gold Flds. S. Africa	£13¼	+ ½
Harmony	367	+ 17
Mincorp	84	+ 4
Southvaal	496	+ 14
Union Crp.	280	+ 10
Vaal Reefs	£14½	+ ¾

FALLS

ANZ	278	− 7
Assd. Book Pblshrs	238	− 10
Audiotronic	25	− 6
Brown and Jackson	118	− 5
Brown (J.)	350	− 6
Dawson Intnl.	126	− 6
Finlay (Jas.)	382	− 8
Glaxo	563	− 7
Guinness Peat	233	− 7
Heath (C. E.)	250	− 10
ICI	378	− 6
Lloyds Bank	262	− 6
Lyons (J.)	101	− 5
Property Prtnrshps.	120	− 8
Royal Insurance	358	− 9
Sedgwick Forbes	405	− 15
Spear (J. W.)	205	− 23
Siebens (UK)	328	− 10
Central Pacific	520	− 50
MIM Hldes.	199	− 9
Peko-Wallsend	490	− 30
Southern Pacific	180	− 15

Adult jobless falls again by 1,800 to total of 1.36m

BY DAVID FREUD

Adult unemployment has fallen this month for the ninth consecutive month and is 70,000 below the post-war peak of last September.

Department of Employment figures yesterday show that the number of adults out of work in the UK fell 1,800 to 1.36m in the month to mid-June, seasonally adjusted.

The drop was the smallest since the downward movement began. Nevertheless, Whitehall officials are convinced, for the first time, that the improvement represents a genuine turnround in the trend of unemployment.

Mr. Denis Healey, Chancellor, told a Commons' select committee that he thought the 3 per cent growth rate expected in the coming year would result in a "significantly faster fall in unemployment than the fall we have seen since last September."

The proportion of the workforce unemployed was steady in the last month at 5.7 per cent.

When the poor results for Northern Ireland are excluded, unemployment in Great Britain was 4,600 below the level of the same month last year, seasonally adjusted.

This is the first time in four years that a monthly total has been below the level of the same month of the previous year. The figure for Great Britain this month was 1.30m, compared with 1.31m in June 1977.

Official confidence in a turnround in unemployment is reinforced by the continued increase in the number of job vacancies notified to employment offices—estimated at a third of total vacancies in the country.

Adjusted for seasonal fluctuations, these went up by 7,500 in June in the UK to 215,500, the highest level since November, 1974. The vacancies have risen for nine consecutive months at an average rate of 7,800 a month.

The unemployment total is depressed by the various job creation measures, which are helping 310,000 people and which are estimated to be keeping 225,000 off the register, compared with 230,000 last month.

Officials had been reluctant to interpret the downturn in unemployment as a definite turnround until this month's figures, which begin to show the impact of summer school-leavers on the job market, were available.

It was thought that, with the high levels of unemployment, the seasonal adjustments might not have been accounting sufficiently for school-leavers taking jobs in the summer which otherwise would have gone to adults. If that were the case, the improvement in adult unemployment since September could have been partly due to adults taking priority again through the rest of the year.

While the smaller drop in unemployment this month than in recent months suggests that the seasonal adjustments do not compensate entirely for this effect, they have been shown not to mask the real trend.

The unadjusted unemployment total in the U.K., including school-leavers, increased by 59,251 to 1,446,961, from 5.8 to 6.1 per cent of the workforce. The total for Britain rose 56,537 to 1,381,403, from 5.7 to 5.9 per cent.

Regional map, Page 6

EEC fishing chief rules out new British proposals

BY MARGARET VAN HATTEM

LUXEMBOURG, June 20.

MR. FINN OLAV GUNDELACH, EEC Agriculture and Fisheries Commissioner, tonight disclosed a new set of British conditions for a common fisheries policy which, he said, would violate the Treaty of Rome.

Outlining the demands to the Council of Ministers here, he said they did not offer the basis for an agreement.

In his toughest speech on the issue so far, Mr. Gundelach spelled out for the first time, that there could be no covert preferential treatment for Britain.

"Discrimination among fishermen of member states, cannot be brought in by the backdoor, any more than by the front door."

The British demands, presented to the Commission some time ago, but made public for the first time today go so far beyond previous demands that officials here rule out the possibility of any further progress this year.

Even some British officials indicated that they found the UK stand hard to defend.

In essence, Britain is demanding:—

- Guarantees that from 1982 on, it will get quotas equal to the total available catch within its 200-mile limit.
- Permanent exclusive rights for UK fishermen in a 12-mile coastal zone.
- Increases in the quotas proposed for 1978.
- A greater share of EEC quotas in Norwegian and Faroese waters.
- The use of fishing "plans," which license specific boats for limited catches in specified waters, to give preference to British boats.
- Guaranteed rights to most of the increase in fish stocks that might accrue as a result of conservation measures.

This would include an initial 20 per cent of the increase in "demersal" stocks (cod, haddock, saithe and whiting) and 25 per cent of the increase in "pelagic" stocks (mackerel, herring and sprat) together with a share in the remaining increase roughly in proportion with its quota of the total EEC catch (for example, 73 per cent of the haddock).

Mr. Gundelach said he did not rule out the possibility of further modifications to the Commission's proposals but the UK demands did not form the basis of an agreement and the Commission's proposals would remain on the table.

Officials from other national delegations appear to regard the new proposals as clear indication that Britain is not interested in a settlement before the next UK general election.

Mr. John Silkin, the UK

Continued on Back Page

Official safety plan for Canvey

BY DAVID FISHLOCK, SCIENCE EDITOR

FACTORY inspectors are demandg modifications and new safety equipment at a cost expected to run to millions of pounds for the petrochemical installations on and around Canvey Island.

As a result the safety of the industrial complex, which includes a fifth of Britain's refinery capacity, will be increased by a factor of four and new capacity might be installed on the island without increasing the risks to its population.

A report on the safety of the Canvey industrial plants, based on a very detailed statistical analysis of the hazards, has concluded that the worst fears of the local population about risks are unfounded.

For several years a strong local campaign has alleged that serious public hazards might arise from overcrowded industrial activities on Canvey and has urged that planning consent granted to United Refineries in 1973 to build a new refinery should be revoked.

The two-year safety study was carried out by the Health and Safety Executive after a request from the Secretaries for the Environment and Employment to investigate the charges against the nine companies operating on or close to Canvey.

They are Shell UK Oil and Mobil Oil, which already operate refineries, Texaco and London and Coastal Oil Wharves, which have tank farms, British Gas, which has a methane terminal, and Calor Gas and Fisons. United Refiners and Occidental Oil have plans to build new refineries on Canvey and Mobil wants to extend its refinery.

But the proposed new refineries will be built, if at all, only on the basis of substantial changes for safety in plans submitted so far, Mr. John Locke, director of the Health and Safety Executive, said at a Press conference yesterday when he presented the results of the £400,000 study.

Mr. Locke emphasised that, although it was not his agency's decision whether new refinery capacity should be built on the site, it was clear that with the changes his inspectors were recommending "we can get down to risk figures only a small proportion of those being quoted now."

The modifications and new equipment would take up to two years to instal, he estimated.

United Refineries indicated

Continued on Back Page

Exploding the fears. Page 18

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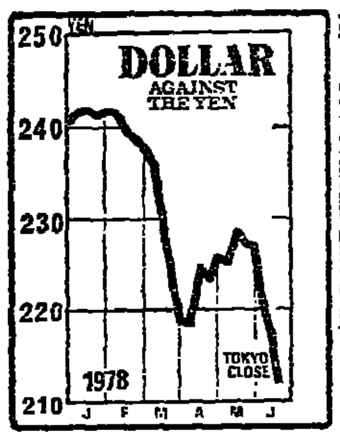

Further pressure on dollar

BY MICHAEL BLANDEN

THE DOLLAR dropped to new low levels against the Japanese yen yesterday after suffering from heavy selling pressure in the Tokyo market.

In London dealings, the dollar at one stage moved as low as Y210.225 compared with the previous day's close of Y213.4. The U.S. currency picked up later to end at Y211.125, still below the Tokyo closing level of Y211.6.

The continued sharp drop in the dollar reflected concern over the U.S. trade deficit and inflationary tendencies, dealers said.

The dollar was also weak against other leading currencies, with the pound gaining 52 points at $1.8402.

The dollar's average depreciation widened to 6.4 per cent, against 6.1 per cent.

Charles Smith writes from Tokyo: The further rise in the yen seemed to be a reaction to the release of trade and balance of payments figure on Monday, which showed that Japan's underlying payments position is still extremely strong despite a superficial trend towards reduction.

The Monday figures showed that the visible trade surplus in May had shrunk to $1.35bn (£734m) from $2.274bn in April.

After seasonal adjustment, however, the trade and current surpluses figures for last month showed an increase.

Another factor which tends to suggest that the May payments position basically was strong involves oil imports which were artificially boosted during the month — by more than $500m — but which will show a relapse in June.

The temporary rise in May oil imports was caused by the imposition of a new import duty on June 1 accelerated imports in May were designed to get in ahead of the duty.

£ in New York

—	June 20	Previous
Spot	$1.8470-8470	$1.8347-8354
1 month	0.59-0.51 dis	0.56-0.50 dis
3 months	1.50-1.80 dis	1.60-1.57 dis
12 months	5.10-4.90 dis	5.30-5.10 dis

Vance seeks closer links with Angola

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, June 20.

THE U.S. will not try to "mirror" Soviet and Cuban activities in Africa but will pursue wide-ranging positive policies designed to strengthen African independence and to assist with legitimate African defence needs.

The U.S. would also like to improve its relations with Angola, as a means both of achieving a reconciliation between Angola and Zaire and of promoting a peaceful settlement in Namibia.

This was the thrust of a major and detailed speech on U.S. policy in Africa given in Atlantic City, New Jersey, today by Mr. Cyrus Vance, the Secretary of State.

It follows the Administration's intensive review of African policy and may be seen as a direct response to domestic and foreign demands for a public definition of U.S. policy both in the continent and towards the Soviet Union and Cuba.

The same subjects were discussed on Capitol Hill yesterday and tonight there will be a session in the White House at which President Jimmy Carter, Mr. Vance and Mr. Harold Brown, Defence Secretary, will be briefing 80 congressional leaders.

Mr. Vance's speech was noteworthy for its relatively mild stricture of Soviet and Cuban involvements in Africa. As such it may be interpreted as a vindication of the State Department's view that Africa should not primarily be seen as the stage on which a big power conflict should be played out, a position often associated with Dr. Zbigniew Brzezinski, the National Security Adviser.

It may also constitute a signal to Moscow—and even to Havana—that the U.S., while determined not to be pushed off course in Africa, is interested in toning down the sharp recent rhetoric that has marked East-West relations. Similarly it may also be seen as a reassurance to African leaders such as President Julius Nyerere of Tanzania that the U.S. remains committed to the cause of peaceful democratic progress in Africa.

Mr. Vance's speech was essentially divided into two parts — a statement of the broad U.S. policy aims in Africa and a case-by-case study of individual "hot spots."

"It will not be our policy to mirror Soviet and Cuban activities in Africa," he said, "because such a course would not be effective in the long run and would only escalate military conflict, with great human suffering.

"Our best course is to help resolve the problems which create the excuse for external intervention and to help strengthen the ability of Africans to defend themselves."

Mr. Vance: no mirror to Soviet activities.

Although he stressed that the U.S. would be concentrating its efforts in the economic area, implying a sharp increase in U.S. aid in the years ahead, and although he was careful to state that the U.S. would not get directly involved militarily, he added: "Our friends in Africa must know that we can and will help them to strengthen their ability to defend themselves."

He cited the U.S. role in the international effort to end fighting in the Shaba province of Zaire last month as an example of effective action. But he coupled this with a firm warning that the Zairean Government must bring about internal economic and political reforms and must resolve border and other disagreements with neighbouring Angola.

In this context, Mr. Vance held out the olive branch of improved ties between the U.S. and Angola. Although State Department officials said it was premature to think of the U.S. extending diplomatic recognition, Mr. Vance's offer nonetheless stands in sharp contrast to the position recently attributed to Dr. Brezezinsky that the U.S. should increase aid to the nationalist groups still fighting the Angolan Government so as to tie down Cuban troops stationed in Angola.

On Rhodesia, Mr. Vance said that the U.S., in conjunction with Britain, would continue to work to resolve differences between the signatories to the internal settlement and the Patriotic Front. "Neither side can create a new nation with a decent chance for a peaceful and prosperous future, without the participation of the other," he said.

Lisbon officials in Angola talks

A team of Portuguese officials are in Luanda, capital of the former Portuguese colony of Angola, to put final touches to a general treaty of co-operation expected to be ratified at the weekend by Portuguese President Ramalho Eanes (above) and Angolan President Agostinho Neto (below).

Our Lisbon correspondent reports that the meeting, which will take place in Bissau, capital of the former Portuguese colony of Guinea Bissau, is expected to strengthen diplomatic relations between Portugal and Angola. These were recently resumed with the arrival in Lisbon of Angola's first ambassador to Portugal, Sr. Agriano Joao Sebastiao.

Among the issues to be discussed are the trade relations and the possible resettlement of some of the Angolan refugees who left Africa following the Portuguese military withdrawal in 1975.

No French pressure on W. Germany to expand

BY ROBERT MAUTHNER PARIS, June 20.

FRANCE HAS no intention of exerting pressure on the West German Government to take expansionary measures against its will at next month's Western summit meeting in Bonn.

This was made clear by M. Raymond Barre, the French Prime Minister, in an informal conversation with British and U.S. journalists here. But M. Barre stressed that, while he had never been in favour of the so-called locomotive theory under which all the onus of increased growth was put on two or three or the strongest economies, France supported the wider concerted growth strategy proposed by the OECD.

Taking a very different line from that adopted by Mr. Denis Healey, the UK Chancellor of the Exchequer, the French Premier said that if "exaggerated pressure" was put on West Germany to step up its growth this could only lead to a negative reaction from the Bonn Government. It was not the way to act towards an important country, he added.

M. Barre indicated that he did not expect much progress to be made at the Bonn summit towards closer monetary co-operation. Although he was basically a monetarist and had always advocated a more effective monetary co-operation system, any moves in this direction were conditional on a greater "convergence" of the economic situations in the countries concerned.

Turning to domestic affairs the Prime Minister admitted for the first time that he expected the French rate of inflation to rise to 10-11 per cent in 1978, compared with 9 per cent last year as the result of the Government's more realistic prices policy.

M. Barre emphasised, however, that this would be the result mainly of the Government's decision to authorise public sector and oil product prices rises, rather than the consequence of the freeing of industrial prices. Excluding the price increases in these two fields the underlying rate of inflation would be no more than 8 per cent.

M. Barre said he would never have agreed to free industrial prices if the economic circumstances had not been favourable. The stability of the French franc on the exchange markets, the moderate growth of the money supply, which had been restricted to 12 per cent a year, the relatively small budget deficit and the acceptance by employers and unions of a stabilisation of purchasing power, had been conducive to such an operation.

The new prices policy was aimed at improving the financial situation of companies, which had been seriously undermined by the long years of government-imposed price controls. It would not, in the longer run, lead to higher inflation. The underlying trend of prices was now downward. Last year, when prices were still controlled, industrial prices rose faster than the general cost of living index. This year, the reverse was the case.

Bonn advisers urge tax reform

BY ADRIAN DICKS BONN, June 20.

THE WEST GERMAN Government, as it considers the options for an international economic compromise deal at next month's Bonn summit meeting, received fresh advice today that it should introduce a medium-to-long term tax reform as the best way of securing stronger growth.

In a special interim report, the Council of Economic Advisers—generally known as the five wise men — effectively align themselves with the Free Democrats (FDP), junior partners in the Bonn Coalition, who were expected later today to give final approval to a DM 20bn tax reform package of their own.

The five wise men acknowledge the strength of feelings abroad that West Germany should take more immediate action to stimulate economic growth. But they reject such views as implicitly naive, arguing that foreign critics often fail still to take into account the effects of revaluation of the Deutsche Mark, as well as Germany's dependence on economic conditions in partner countries.

At the root of the country's sluggish growth outlook, the five wise men believe, is rather a structural weakness on the supply side. They recommend a series of tax changes as the best way in which to remedy this, and warn foreign critics that because such a strategy must depend on long-term profit expectations by business, it will take time to succeed.

The report goes along with the Bundesbank and with Chancellor Helmut Schmidt in stressing the dangers of higher interest rates if the public deficit were to be substantially raised. Further, the five wise men firmly believe any increase in the public sector deficit could only damage medium-to-longer term growth prospects, and they reaffirm the importance of the Finance Ministry's pledge not to abandon the goal of consolidating and eventually reducing the public sector's debts.

Renault lays off 9,000 at strike plant

By David Curry

PARIS, June 20.

THE RENAULT motor company is taking drastic action to end the pay strike which has been disrupting output at one of its leading factories for the best part of three weeks.

This morning it laid off 9,000 of the 20,000 workers at its Flins plant near Paris where the press shop workers have been on strike and have occupied their part of the plant. It had already closed down the entire factory which assembles the new Renault 18 model and the fast-selling Renault 5 for three days following police expulsion of the strikers. But when they opened the gates again the press shop men simply resumed their strike.

The company followed its partial shutdown by winning a court order for the expulsion of the strikers for blocking the right to work of other people in the plant. This decision has been notified to the strikers and if they fail to leave the plant it seems likely that riot police will be brought in to clear them.

The conflict at Renault has come just when motor vehicle sales are improving. Although the conflict has been built up by the CGT union, in particular, as a challenge to the Government's economic strategy the unions have failed to spread the trouble

To the problems of Renault and the strike in the country's military arsenals has been added a 48-hour railway strike called for the weekend in pursuit of pay claims and a call by the CAT for its members in the postal service to strike tomorrow in support of wage rises and shorter hours.

● Reuter adds: About 800 women workers are occupying the Moulinex factory at Alencon in Normandy in defiance of an order requiring them to evacuate. Work is at a standstill.

Tito attacks involvement of big powers in Africa

BY ANTHONY ROBINSON BELGRADE, June [illegible]

PRESIDENT TITO of Yugoslavia opened the 11th congress of the League of Communists (LCY) yesterday with a speech emphasising the stability and continuity of the Yugoslav path to self-management and socialism. However, he expressed concern at the deterioration in relations between the great powers and what he called their attempts to undermine the independence of Africa and the non-aligned movement generally.

"Detent in relations between the great powers has broken down . . . their mutual distrust and suspicions are reminiscent of the times of the cold war which we hoped would be left behind for ever," he said. The armaments race and the rivalries of the big power blocs were spreading to Africa where some powers were attempt to preserve their spheres of influence. Power politics and external interference were increasing in the non-aligned and developing countries, he said.

"Peace in the world is not assured," the President said. "The threat of outbreak of war, not only at a local level but even on a world scale, cannot be excluded." He called on "the two sides to make serious efforts to transcend the recent unsatisfactory situation."

President Tito underlined, however, that Yugoslavia's international position "is more secure than ever." He attributed this to a policy of "non-alignment and equitable co-operation . . . and also a highly stable external situation and the stability of society."

This stability was due to Yugoslavia's progress along the path of self-management and socialist democracy, he said, adding that, "viewed in this light, various speculations about the future of Yugoslavia appear ridiculous."

Extra force was added to these words by a later passage, extolling the increased efficiency and vigilence of the armed forces and the security services.

"Our overall defence capability and the effectiveness of our security forces have been strengthened. Our armed forces are more prepared than ever before to resist any future aggressor and defend our independence, sovereignty and territorial integrity. The security organs have thwarted the attacks of enemies within and without," he said, in a passage clearly directed towards the [illegible] Union and anyone [illegible] the leading role of the [illegible] the integrity of Yugoslavia [illegible] federal state.

There was no hint [illegible] his 40-minute speech [illegible] 86-year-old President, [illegible] healthy and vigorous, [illegible] giving up his [illegible] leader of both state [illegible]. Dressed in a white [illegible] walked upright and [illegible] the podium, sat down to [illegible] his speech in a clear [illegible] and received a standing [illegible] from the more than 3,000 Yugoslav and foreign delegates.

By far the warmest [illegible] bestowed on foreign [illegible] was given to [illegible] Berlinguer, the Italian Communist Party's secretary-general.

The message from China [illegible] ing the "deepening and strengthening of revolutionary friendship and cooperation between our two parties, countries and peoples" also drew considerable applause as did the Soviet delegation.

The congress has divided into six commissions to discuss the details of party policy before the full closing plenary session on Friday.

Package will help support economy of West Berlin

BONN, June 20.

WEST GERMANY'S political parties today unanimously approved a package of measures intended to bolster the economy of West Berlin.

The package includes a pledge to cut taxes paid by West Berlin businessmen in stages from 1980, and to double a special grant paid to parents for their first child born there to DM50 ($24).

The measures were adopted last night at a meeting of leaders of all parliamentary parties chaired by President Walter Scheel. Under the Four-Power Agreement of 1971, West Germany is allowed to develop its ties with West Berlin.

An official statement did not say how much the extra assistance would cost, but the Bonn Government has been pumping about DM7bn ($3.3bn) a year into West Berlin's economy.

The West Berlin authorities have complained that the city badly lacks skilled workers, and investment incentives, and have warned that the population of just under 2m is dwindling.

Reuter

Report on UK-Irish links

BY OUR OWN CORRESPONDENT DUBLIN, June 20.

A COMMITTEE which is examining plans for economic co-operation between Northern Ireland and the Republic and between the Republic and the UK, published its first report tonight.

The Irish Government sees the publication and the evidence of work being done as the main significance of the report. Mr. Michael O'Kennedy, Minister for Foreign Affairs, said it showed that there was a genuine willingness on the part of both Governments to promote co-operation.

Most of the projects under consideration were announced at the time of the visit to Dublin two months ago of Mr. Roy Mason, Secretary of State for Northern Ireland. The most interesting is the suggestion of a possible electricity connection between Britain and Ireland.

Dealing with energy resources, the committee says the options for the future include adding to a north-south link on the basis of a possible new connection between Northern Ireland and Scotland or between Wales and South-east Ireland. Security has been the problem with the north-south link and the last connector was blown up several years ago.

Another plan being considered is the linking of the Erne and Shannon waterways be reopening a canal. Studies in the Derry-Donegal and Dundalk-Newry areas are well advanced.

Protest over WEU leak

BY OUR OWN CORRESPONDENT PARIS, June 20.

COMMUNIST MPs attending the seven-nation Western European Union assembly here have been accused of leaking to the Soviet authorities a report dealing with European relations with China.

Sir Frederic Bennett, the British Conservative MP who was seeking support for European arms supplies to Peking, today charged other delegates with provoking a Soviet protest four days before his report was made official. The finger is being pointed principally at the Italian Communists.

Strong Soviet moves are understood to have been made in Bonn West German Social Democrat delegates opposed the motion backing stronger Chinese links, which the Russians regard as anti-Soviet. Some Right-wing MPs were seeking to reinstate a deleted proposal referring specifically to arms supplies.

Steel output last month rose by 2.3%

BRUSSELS, June 20.

CRUDE STEEL production in May in the countries belonging to the International Iron and Steel Institute rose to 40.2m metric tons—2.3 per cent up on the previous month and 4.5 per cent higher than in May last year.

In the first five months of this year crude steel output totalled 189m tons, a 3.4 per cent increase on the same period last year.

Compared with May last year, production was up 8.6 per cent in the European Community, 3.1 per cent in Japan and only 0.9 per cent in the U.S.

In the first five months, the 4.3 per cent upturn in U.S. crude steel output from a year ago was due to improved domestic demand, the Institute said.

A 6.3 per cent upturn in the European Community mainly reflected higher export activity during the first four months and some growth in shipments to domestic markets.

Japan's output of crude steel declined in the five-month period by 5.2 per cent from a year ago, mainly because of lower shipments to some export markets.

The European Community's total May crude steel output was 12m tons, down from 12.18m tons in April but up from 11m tons in May last year. Five-month production totalled 57m tons, up from 53.7m tons.

In the U.S., production was 11.17m tons in May against 10.4m tons in April and 11m tons in May 1977. Five-month production was 49.57m tons against 47.5m tons a year ago.

Japan's May crude steel output totalled 8.46m tons, up from 8.37m tons in April and down from 8.73m tons a year ago. Five-month production was 41.08m tons, down from 43.33m tons.

The International Iron and Steel Institute accounts for 99.2 per cent of crude steel production outside the East bloc, China and North Korea or about 65 per cent of world production.

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Dutch Cabinet ready to proceed with new Brazil nuclear deal

BY CHARLES BATCHELOR AMSTERDAM, June 20.

THE DUTCH Government is prepared to allow the delivery of enriched uranium to Brazil in spite of Holland's failure to obtain the tight safeguards it was seeking. The Cabinet is convinced it has sufficient guarantees from Brazil that the uranium will only be used for peaceful ends, it said in a letter to Parliament today.

This decision is expected to lead to a heated debate in Parliament next Tuesday. The Government's first attempt in January to win approval for its plans was unsuccessful. It has since held further talks with Brazil and with its partners in the enrichment project—West Germany and the UK.

The Cabinet said Holland's efforts to obtain detailed safeguards against the misuse of the plutonium produced from the uranium were not successful because Holland's partners said this went further than the original agreements.

The new accord states that the partners will seek to arrange a system of storing the plutonium according to the International Atomic Energy Agency's guidelines. If this is not possible they will set up an ad hoc system of storage at least two years before Brazil starts reprocessing plutonium in 1985.

Under the motion which the Cabinet was forced to accept in Parliament in January, Brazil would have had to agree to the safeguards by 1981—two years earlier than the present proposal.

Come what may, either a permanent or a temporary scheme for storage will be in force by the time Brazil starts reprocessing, the Cabinet said.

Holland has not yet received an official reply to its request for guarantees which were handed to Brazil's Foreign Minister last Friday, but it has sufficient indications that this proposal is acceptable to Brazil. Although the conditions laid down by Parliament in January cannot be met "to the letter," the Government is convinced there are sufficient guarantees to meet the spirit of the parliamentary motion. This is the most that can be achieved in the Cabinet's view.

First reactions from the political parties indicated that the Government will face strong opposition in next week's debate.

Italy pays back $350m

BY PAUL BETTS ROME, June 20.

ITALY HAS repaid on schedule a further $350m tranche of the $1.4bn European Economic Community loan negotiated in 1974, the Treasury Ministry confirmed here today. The country still has to repay $700m to the EEC this year.

At the same time, Italy has also paid back some $1bn of its $2bn gold-backed loan from the Bundesbank.

The Italian monetary authorities intend to negotiate next month new loans with both the International Monetary Fund and the EEC for a probable combined total of some $2.5bn.

Although with foreign currency reserves currently of about $8bn, the country is in no immediate need of international financial support. The Italian authorities are seeking the new loans in view of the possible inflationary and balance of payments repercussions of the Government's proposed economic recovery programme.

Signs of moderation among Moluccans

By Charles Batchelor in Amsterdam

THE PAST FEW days have shown the first signs of a change of attitude on the part of Holland's most explosive racial minority—the South Moluccans. The change comes as the country waits for the verdict on three young Moluccan gunmen who took part in the siege of Assen Town Hall last March.

The three Moluccans will be sentenced at the end of next week and the public prosecutor is seeking sentences of between 15 and 18 years for the attack which led to the death of two of the 70-odd hostages. Yet a statement issued after the trial by the young South Moluccan community called only for a change in Dutch policy towards their homeland of Indonesia and an end to Dutch aid to the country.

This marks a refreshing change of emphasis from previous violent attempts by the South Moluccans to influence the Dutch Government. And, while the young demonstrators directed their attention towards present-day Indonesia, leaders of the Moluccan community were leaving for a two-day congress in West Berlin to discuss the problems of minority peoples such as the Moluccans, Kurds and Eritreans in gaining recognition.

Both are hopeful signs in the bitter Moluccan issue. But the Moluccan community remains a thorny problem and is receiving an unprecedented amount of attention from the Dutch Government.

Nearly 30 years after some 4,000 Moluccan members of the Netherlands Army of the Indies left their homeland with their families their Dutch hosts are only now facing up to the seriousness of the problem. Instead of fading with time, the Moluccan's dream of a return to their islands in the Indonesian archipelago has been taken up with increased fervour by the second generation. Most of the young people who have taken part in recent acts of violence or who support such action have never seen the homeland they are fighting for.

The 12,000 Moluccans who came to Holland in 1950 have now grown to around 40,000. Their exact numbers are not known since an official register is not kept. They have for the most part resisted assimilation into Dutch life and live in their own areas of towns such as Assen and Bovensmilde in northern Holland and in the east of the country. They have their own government-in-exile, their own political movement and strong network of community organisations. As the efforts of the elders of the community to achieve independence have produced little result, the radical youth has chosen increasingly violent means to draw attention to its grievances. The older generation admits it has lost control of the more extreme youth groups in the community.

The Dutch are faced with a virtually insoluble problem. Despite their efforts in the late 1940s to gain a degree of independence for some of the peoples of their former colony the Indonesian Government opposed this. As soon as Indonesia became a sovereign state Holland was in no position to impose a solution. Even if it wanted to. Dutch efforts at friendly persuasion have also had little impact although small groups of Dutch Moluccans now make regular visits to their homeland. Indonesia remains uncompromisingly opposed to the Moluccan ideal however and earlier this month expelled an Indonesian-born Dutchman for what it called subversive activities connected with the Moluccan struggle for independence.

Since the first train hijacking and the seizure of the Indonesian consulate in Amsterdam in December, 1975, the Dutch authorities have been working hard on the Moluccan problem. The Government produced a report in January. It did nothing to meet the political aspirations of the Moluccans but did propose a series of measures to improve their material circumstances.

But at a time of high unemployment in the country as a whole there are limits to what can be achieved. Extra teachers will be employed to help with Dutch language tuition since Malay is the first language of many families. Special radio and, eventually, television programmes are planned. The Government also wants to encourage Moluccan families to move into houses in the west of the country away from the north and east where they are now concentrated and no new exclusively Moluccan housing areas will be allowed. Finally, it plans to make up the backlog on pension payments owed to its former soldiers.

The Government's Moluccan Bill will come before parliament later this year but debate in committee has already revealed strong opposition to parts of it. The plan to disperse the Moluccans more evenly among the Dutch community brought the accusation that this amounted to apartheid. Mr. Wiegel modified his proposals somewhat and now seems ready to accept that groups of Moluccans should live near each other although solely Moluccan areas will not be allowed. Some of the 5,000-6,000 new houses needed over the next five years will be built in towns with already existing communities while others will be built in towns designated as areas for population growth.

EDUCATION IN GREECE

Short on quantity and quality

BY DAVID TONGE

GREEKS SAY that when they go to heaven they must bring an application form, a statement supporting the application, and a list of contacts to help them through the expected administrative tangles. They face however more immediate problems with the bureaucracy.

The Minister responsible for the civil service, Mr. Constantine Stefanopoulos, emphasises that changes have been made. There has been an increasing computerisation of procedures, the abolition of some bureaucratic formalities, and the reorganisation of most ministries.

He also stresses the importance that the Government gives to the professional and scientific training of civil servants. But in this field and in the wider field of education of the middle management to help prepare Greece for stiff EEC competition, problems are acute.

Education has long been one of the more controversial areas of Greek life. Neglected for years by the state, its share of the budget has increased since the Junta fell in 1974 but the proportion of GNP devoted to education in Greece nevertheless remains one of the lowest in the OECD.

It is only in the past five years that the technical colleges, KATE, have begun to operate. These have places for one applicant out of every 10, while in the universities the ratio is little better—one in seven. Further, while the "quantity" of education is limited, its quality is widely criticised.

The principles of the 1978-82 development plan prepared by the Government admit the difficulties of the situation. It talks of the shortage of building, the limited possibilities of training teachers, the continuous increase in demand for higher education, the problems of organising post-graduate studies and the "anachronistic composition" of teaching programmes.

The student is expected to remember set texts rather than to learn to analyse and debate. One educationalist writes that the general tendency is to ask the student to "act as a parrot." There is a shortage of libraries and the text books used are usually written by the professors themselves and often based on the professor's early studies rather than any subsequent research. There is a complete absence of post-graduate departments in Greece.

The present Minister of Finance, Professor Athanassios Kanellopoulos, said last year: "The whole educational system has to change . . . We put our children on the intellectual bed which we have prepared and because their feet stick out we cut them off instead of enlarging the bed." It is thus not just the shortage of space but also the quality of education which means that one Greek out of every four at university is studying abroad.

Education in Greece has improved its share of the budget since 1974. But the proportion of GNP it receives remains one of the lowest in the OECD.

The problems seen at university level are evident throughout the system. There is thus considerable demand for private education. In the school year 1975-76, 148,000 out of the 1.4m students at kindergartens, primary schools and secondary schools were receiving private education. Particularly important are the private *frontistiria*, the cramming schools, to which young Greeks are virtually obliged to go if they wish to squeeze through the bottleneck of university entrance. They operate parallel to normal secondary education and mean that the teenager may find himself studying up to 15 hours a day.

The Karamanlis Government has frequently argued that it cannot be expected overnight to solve the problems of decades. But it has devoted more money to education, continued an expansion of the university system, and made some changes in the organisational structure of the Ministry of Education: this structure dates back to 1932.

More important, it has introduced a major reform in secondary education. The antiquated, artificial language *katharevousa* has been abolished in schools and demotic (the everyday spoken language) is now the only language for instruction. For Greeks, who have had to spend years on purist syntax, the reform is critical—and, ironically, introduced by the same men who had opposed attempts to make the change in the mid-1960s.

Further, the length of compulsory education has been extended from six to nine years. Around 170 new technical and vocational lycees are now in operation and the system is being extended.

Technical lycees were first introduced by the Centre Union Government in the mid-1960s, abolished by their successors, and then reintroduced and re-abolished by the junta. This confusion is reflected in the way that in 1975 only 22 per cent of Greek students went on from primary school to technical education, compared with twice that figure in France and Italy and over three times as many in West Germany.

The Karamanlis governments have resisted opposition attempts to close private schools and last year passed a new law governing these. However, they have had less success in introducing new legislation for the universities. Here they have been at odds both with teaching staff—who have been on strike for most of this year—and with the student movement, EFEE.

The law covering technical education was voted over a year ago. This regulates a system which, with World Bank assistance, began during the junta period. There are now 17,000 students at eight technical colleges. Capital expenditure on these has been running at around £10m per year, while current expenditure has risen from £3m in 1975 to £13m this year. The Under Secretary responsible, Mr. Ioannis Kontogiannopoulos, stresses how the schools were started in difficult conditions. "Greece has lost much time and we cannot give ourselves the luxury of waiting." He said it was difficult to judge the results in that the first graduates were now doing their military service, but a recent article in *Oikonomikos Tahidromos* stresses how graduates of the hospital administration school have found themselves obliged to work as builders, waiters or store hands.

Such examples reflect the teething problems of the system. The Centre for Planning and Economic Research, for instance, says that the absence of any tradition of technical colleges means that employers, like the students themselves, have to find out what this new technical education is worth. But if still only a first step, it is one in the right direction of providing Greece with the skilled manpower it needs for its development.

Spain seeks UK help with EEC application

By Reginald Dale, European Editor

SR. LEOPOLDO CALVO-SOTELO, Spain's Minister for EEC negotiations, yesterday urged the British Government to help ensure that his country's membership application is dealt with as quickly as possible. Sr. Calvo-Sotelo, who is on a tour of the nine EEC capitals, had talks in London with a number of senior Ministers, including Dr. David Owen, the Foreign Secretary, and Mr. Edmund Dell, the Trade Secretary.

Dr. Owen confirmed Britain's strong support for Spanish EEC membership. British officials are impressed by the thoroughness of the Spanish application and Madrid's rapid response to the structural problems of entry, although they believe that the full implications of membership have not yet sunk in to the Spanish population.

Britain is not yet ready to react, however, to the Spanish argument that the entry of all three applicants—Spain, Greece and Portugal—should be co-ordinated, despite the fact that the Greek and Portuguese membership bids are much further advanced. The British view is that any decision should await the conclusion of the European Commission's report on the Spanish application.

● A series of demonstrations were staged by the main trade unions throughout Andalucia today in protest against Government inactivity on unemployment. Andalucia has the worst unemployment in Spain both in agriculture and industry. According to union sources unemployment in the province affects 200,000 people of whom 110,000 are agricultural workers. The total is 20 per cent of the national figure.

In Barcelona province, building workers went on strike for 24 hours after the breakdown of wage negotiations that have been going on for nearly three months.

OVERSEAS NEWS

Sadat launches debate with attack on critics

BY ROGER MATTHEWS

CAIRO, June 20.

PRESIDENT Anwar Sadat today launched a month-long "debate" on *Egypt's future political structure* that is expected to culminate in decisions to be announced on July 23, the 26th anniversary of the 1952 revolution.

In another hard-hitting speech *attacking* his domestic critics, Mr. Sadat refused to contemplate abandoning the Middle East peace initiative he launched last *November.* "*I am optimistic* even if Israel does not respond positively or favourably," he said.

Mr. Sadat described Israel's answers to the two questions put by the United States on the future of the occupied West Bank and Gaza Strip as "very loose." "Israel always tries to keep the whole question very fluid. Our *position* is the same. We are not speaking about Sinai because that is my land and we will not negotiate on even one inch of Sinai."

However, declared the President, Egypt was ready to discuss any new factors that might be *introduced by* the Israelis including any mutual security arrangements that might be sought. What Egypt was not ready to discuss *was the ceding* of one inch of Arab territory.

On the domestic front Mr. Sadat accused political parties on the *Left* and *Right of launching* a campaign against the Prime Minister and the Cabinet, with the objective not of serving the *Egyptian people's interests but* of creating the conditions under which they could seize power.

The right-wing New Wafd party, *which has voluntarily* dissolved itself in protest against recent government measures, had been trying to drag the country back to the situation that *existed* before 1952, while the left-wing Unionist Progressive Party, which has *frozen* its activities, wanted to plunge Egypt into "bloody strife" and "put Cairo to the torch" as it had attempted in January last year.

Addressing the central committee of the Arab Socialist Union, Mr. Sadat announced that its 475 members would *shortly* be receiving a booklet drafted by the Rector of Cairo University. This document would deal with the "development and progress of Egypt" and with the question of introducing a code *of ethics in political life.*

President Sadat emphasised that he did not want to take decisions in isolation. Committee members would have time to debate the theories developed in the booklet and any decisions would therefore express the united wish of the Egyptian people.

Speculation is growing that Mr. Sadat may seek to introduce constitutional amendments in order to consolidate the process of silencing some of his more vociferous critics.

"The sovereignty of the law will always remain supreme in Egypt," said Mr. Sadat, reaffirming his commitment to the democratic experiment he had started. The fact that the President had objected to certain politicians should not be interpreted as meaning that he was opposed to political parties. "I have no objection to any party" said Mr. Sadat.

Two Members of Parliament in Britain had warned the President that they feared his image in the Western world was being damaged by his recent actions. "These are attempts to scare me so that I would not be able to take any action," said Mr. Sadat. "*The satisfaction of the* Egyptian people is the only guide that I use."

Meanwhile, everyone was invited to express their opinion on the political future of Egypt so that the results and reports of the debate could be prepared before July 23. "These decisions will enhance the drive towards democracy in Egypt," claimed Mr. Sadat.

Weizman dismissal sought

BY DAVID LENNON

TEL AVIV, June 20.

MR. MENAHEM BEGIN, the *Prime Minister,* is under pressure from within his Herut party faction to dismiss Mr. Ezer Weizman, the Defence Minister, for *openly defying the Prime Minister* at Sunday's Cabinet meeting of the future of the West Bank and Gaza.

Mr. Weizman further challenged the Premier last night by disobeying Mr. Begin's instructions that every Cabinet Minister remain to vote in the Knesset debate on the Cabinet decision. Mr. Weizman left the Knesset hours before the end of the debate.

The Defence Minister's critics within Herut, the dominant faction within the governing Likud block, believe that Mr. Begin cannot let this challenge to his authority go unpunished.

They were particularly angered by Mr. Weizman's declarations *that the Cabinet decision makes* another Middle East war inevitable.

Even though they refused to side with him in the Cabinet, Mr. Weizman still has considerable support among members of the Liberal Party faction in the Likud. He also has support from the second largest coalition party, the Democratic Movement for Change.

It is known that Mr. Begin is very angry about Mr. Weizman's public criticism of the Cabinet decision. It is considered *possible the Premier will call in his* Defence Minister for a talk. But it is thought unlikely that Mr. Begin will actually dismiss the *popular Mr. Weizman, the one* Cabinet member who appears to have a common language with Egypt's President Sadat.

Recalled envoy will not return

BY OUR FOREIGN STAFF

GENERAL SAAD EL-SHAZLY, the former Chief of the Egyptian General Staff who on Monday attacked President Sadat as a dictator, said in an interview yesterday that he would only return to Egypt if the President agreed to answer his critics before an international committee, preferably supervised by the UN.

There was still confusion last night about whether the General had been sacked from his position as Egyptian Ambassador to Portugal, or merely suspended. However, he told the FT that he had received the letter suspending him and recalling him to Cairo *before, not after,* his controversial statement to the Press in Lisbon.

In the statement he also *accused Mr. Sadat of having* reduced the capabilities of the Egyptian armed forces to 60 per cent of their pre-1973 level, of *having made Israel more* intransigent than ever before, *and of having brought Arab* solidarity to its lowest point in 30 years.

Yesterday Gen. el-Shazly said he saw "*no options*" *for President* Sadat, who was reaching "an absolute deadlock." He said that it looked as if a bilateral *peace with Israel was the only* option left, but that the President had said a number of times that he would not accept such *a deal, so that the General did* not see how he could get any solution.

Asked if public opinion would *accept a separate peace, Gen.* el-Shazly said that in Egypt "you never know public opinion. In the absence of real democracy, *people don't say what they think,* in order to avoid trouble."

The former Chief of Staff, who was sacked from the post following *the 1973 war with Israel,* did not, however, anticipate a new war in the near future, with the Egyptian forces "as weak as *they are now*" *and Israelis* having "got what they want," *retaining control of the West Bank* of the Jordan and "almost all" of Sinai.

Gen. el-Shazly reiterated his *conviction that "there are quite* a lot of people in Egypt who think as I do, but not a lot of people can say what I can say." He said, *however, that he did not stay in* touch with other officers because "when the authorities see that I am in touch with them they will *be in trouble.*"

If President Sadat would not join in the "democratic dialogue" he wanted, the General said, "*then I might feel obliged to* follow undemocratic dialogue and also publish my memoirs," as the President recently did. *His own memoirs, he said, were* almost ready.

Asked where he would go now, Gen. el-Shazly said that he did *not think that he would stay in* Portugal. "There are 21 Arab countries who I think will be happy to invite me," he said, *although he had not had* an invitation from any, so far."

Rhodesia election pledge renewed

BY OUR OWN CORRESPONDENT

SALISBURY, June 20.

President John Wrathall today opened the *historic* first session of Parliament under the Transitional Government and promised a packed House that the internal settlement would eventually triumph over the doubts of the world.

Mr. Wrathall said that the Government was determined to press ahead with the implementation of the domestic accord and asserted that one-man, one-vote elections would take place as scheduled before December 31.

For the first time in nine decades of white minority rule, black nationalist leaders sat side-by-side with white Government Ministers on the benches of the legislature. Bishop Abel Muzorewa, the Reverend Ndabaningi Sithole and Chief Jeremiah Chirau, who with Mr. Ian Smith are members of the Supreme Executive Council, filed into the House to await the President, followed by the nine black and nine white members of the lower-tier Ministerial Council.

Mr. Wrathall said externally based leaders, he did not name Mr. Joshua Nkomo and Mr. Robert Mugabe, had been asked repeatedly to return and join the Transitional Government, but had refused and were doing their utmost to frustrate progress to independence based on majority rule.

Mr. Wrathall was vague in his speech, written for him by the executive council, about the Administration's plans. He said only that the Government was giving serious consideration to a programme for the removal *of racial discrimination and that* as soon as possible legislation would be introduced for the one-man one-vote general election. Work on enfranchising an estimated 3m black voters was well advanced and would continue as a matter of urgency.

Legislation would also be brought in to enact a majority-rule constitution which is currently being drafted by an all-party committee.

Mr. Wrathall said the prime function of the Government was to continue efforts to bring about a ceasefire, but he did not elaborate. He said the transitional Government was committed to maintaining a strong free enterprise sector *in the* economy.

Record for S. African capital outflow

By Bernard Simon

JOHANNESBURG, June 20.

THE OUTFLOW of *short-term* foreign capital, which has bedevilled the South African economy for the past two years, reached a new record during the first quarter of 1978, according to the reserve bank's quarterly bulletin, published today. Outflows totalled R342m, compared with R204m in the fourth quarter of 1977 and R1,086m during the whole of last year. R307m was accounted for by the private sector and unrecorded transactions.

The bank says that the drain "*may still have been related to* political uncertainties in southern Africa and a decline in financing abroad of foreign trade *transactions.*"

There was also a net outflow of long-term capital during the quarter, amounting to R111m. *This was the first negative figure* under this heading for several years but was partly accounted for by repayments of foreign *loans* by the Government. The outflow of R138m from the private sector is ascribed to an increase in foreign branch *balances stemming from diamond* sales towards the end of March.

The deterioration in the capital *account during the* first quarter was, however, largely compensated for by a continued positive balance on current account. The current balance showed a surplus of R503m (R1 193m at a seasonally adjusted annual rate), compared with a R205m surplus in the previous quarter and 1977's positive balance of R751m.

This current surplus was also a new record, but the increase since the fourth quarter of 1977 was due to seasonal influences. At a seasonally adjusted annual rate, the surplus declined from R2 199m in the fourth quarter of 1977. This decrease reflected a marked decline in seasonally adjusted merchandise exports, a moderate increase in imports and a sharp rise in net invisible payments, all of which were only partly offset by rising gold output.

Gross foreign reserves fell by R16m during the quarter, to R772m at the end of March. However, a net reduction in foreign liabilities meant an increase in the net reserves of R50m. Net reserves rose by R109m in the six months to the end of March.

China confirms closure of Hanoi's offices

By John Hoffman

PEKING, June 20.

THE CHINESE Foreign Ministry *today confirmed a Radio Hanoi* report that Vietnam had been instructed to withdraw its consular staff from offices in the *major southern Chinese cities of* Canton, Kunming and Nanning.

Diplomatic sources in Peking said that the Chinese action signalled another escalation in the tensions which have grown since China alleged that its nationals were being persecuted and expelled by Vietnam.

The announcement made no mention of Vietnamese diplomatic offices in Peking, but its timing is surprising. Last Friday Vietnam decided to allow China to set up a Consulate-General in Ho Chi Minh City early next month. Chinese ships are due in Vietnamese ports today to pick up Chinese residents who wish to leave Vietnam.

The Vietnamese Foreign Ministry today circulated in Peking copies of diplomatic notes between the two countries concerning the cancellation of Chinese aid programmes in Vietnam. Both Governments have disclosed that China has cancelled 72 aid projects

Somalia aid talks

PRESIDENT Siad Barre of Somalia arrived in London yesterday for talks with the British Government, which are expected to include discussion of military supplies for his country. He is to meet Mr. Callaghan, the Prime Minister, *and Dr. Owen,* the Foreign Secretary today.

AMERICAN NEWS

First quarter production better than expected

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, June 20.

THE U.S. gross national product did not, after all, decline in real terms in the first quarter of this year, according to final figures released today by the Commerce Department.

Initially, the Department had calculated that GNP fell by 0.6 *per cent in the first three months.* Subsequently this was slightly altered to register an 0.4 per cent drop. But complete data, showing somewhat stronger inventory investment, exports and personal spending, left GNP unchanged from the final quarter of 1977.

The major drag on economic activity in the first three months was the *severe winter* and the coal strike, which, the Administration estimates, shaved $2\frac{1}{2}$ to 3 per cent off growth.

What today's figures underline is that the rebound from the winter doldrums was extremely *vigorous* in March, April and for part of May. There have been more recent signs — in figures on industrial production, housing starts, *personal income and unemployment* — which suggest that the economy has settled down and is expanding at a more modest 4 per cent or so, in line with the Administration's longer term aims.

But the *second quarter* GNP figures, which should be released late next month, will probably shown an annual rate of increase comfortably in excess of *that.*

The first quarter figures imply an annual inflation rate of 7 per cent, although the measurement most favoured by the Department, the GNP chain price index, showed a more modest 6.4 per cent advance in the first quarter compared with a 6.1 per cent annual increase in the last three months *of last year.*

Racial tension grows in Brooklyn as violence leads to protests

BY JOHN WYLES

NEW YORK, June 20.

TWO OF the most powerful *ingredients in the New York* City racial clashes of the late 1960s—allegations of police brutality against blacks and *hostility between the black* and Jewish communities have provoked tension in the Crown Heights section of Brooklyn.

Mayor Edward Koch

Mayor Edward Koch and two of his deputy mayors yesterday visited the troubled area in an attempt to *calm* an increasingly explosive mood among black residents. Several hundred have taken part in *marches* and rallies over the last few days following two *separate incidents* last week *in* which a black businessman who was also a prominent community leader died and a *black youth was* beaten up.

Worrying about the "disquieting implications" for the city's future, Mayor Koch has promised a full inquiry into the death last Wednesday of 35-year-old Mr. Arthur Miller. Mr. Miller, who ran his own construction business in Crown Heights was apparently choked to death during a scuffle with police who were apparently trying to arrest his 21-year-old younger brother for allegedly driving with a suspended licence.

According to witnesses, however, Mr. Miller offered no violence. *It is claimed he was* the victim of unnecessary strong arm tactics by 16 police officers who had been called to the scene by the two policemen who originally tried to make the arrest.

A state senator yesterday alleged that Mr. Miller died because he refused police requests to make a payoff to avoid the arrest of his younger brother. But the case is rapidly acquiring racial overtones despite the Mayor's insistence *yesterday that it was not a racial* clash because many of the officers involved in the struggle leading up to Mr. Miller's death were *black.*

But a local black Minister, the Reverend Herbert Daughtry, was yesterday implying quite the *opposite in a series of highly* charged statements which did nothing to calm the atmosphere in Crown Heights.

In a speech to an angry meeting of residents he warned the Mayor yesterday: "Something must be done or it is going to explode. You *will* not make it through the summer."

The Minister has also taken up the issue of 16-year-old Victor Rhodes who is in a coma following an attack last Friday by "up to 50" Hassidic Jewish youths who had formed a self-styled crime patrol. Two Hassidim have been arrested and charged with assault and attempted murder. The motive for the attack is unknown although the New York Post speculated this morning that Rhodes may have been mistaken for a black involved in a crime against the Hassidim.

However, the Rev. Daughtry urged yesterday's emotional rally "*to translate our numbers into* power. Every group looks out for his own," said the Minister.

Religious ties weakening, survey shows

By Stewart Fleming

NEW YORK, June 20.

A RISING *proportion of the* U.S. population now consider themselves to have no religious affiliation, according to a survey *carried out by the Gallup* organisation.

The poll, which is viewed as the first major national survey *of religious* attitudes and beliefs for several years, revealed that 41 per cent of those asked considered themselves to be "unchurched." The category was defined as somebody who has not attended a church service except for a *special occasion such as a funeral or wedding,* in the past six months.

By comparison, a study eight years ago found that 38.6 per cent of those surveyed came into this category.

Respondents who did not attend church tended to be younger, more mobile and frequently male. Surprisingly a high percentage of the "unchurched" nevertheless professed to Christian beliefs. Some 93 per cent of churchgoers and 68 per cent of the unchurched said, for example, that they believed in Jesus.

Reasons for leaving the Church included the claim that the beliefs and morals taught were too narrow.

U.S. COMPANY NEWS

Bache buying own stock to counter takeover threat; Petro-Canada continues bid for *Husky Oil; Carter Hawley Hale* acquisition. **Page 24**

Pay challenge for Carter from postal workers

BY JOHN WYLES

NEW YORK, June 20.

UNIONS representing 570,000 U.S. postal workers yesterday formally lodged a pay claim which poses one of this year's *major tests for the Carter* Administration's bid to slow down the rate of wage increases.

The Administration has set no specific target for a pay settlement beyond its broad goal of encouraging rises which will be lower than the average received by postal workers in the past two years.

Pressure

Under the current three-year contract which expires on July 20, the Administration estimates that pay rises have averaged 8 per cent a year and considerable public and private pressure has already been exerted to encourage a substantially lower *settlement.*

Ideally, the President's inflation fighters would like to see the postal service grant no more than the 5.5 per cent being allocated to Federal Government workers.

However, this is far below the claim lodged yesterday which calls for the continuation of cost of living rises in the current *contract plus a \$1,100 wage* increase in the first year and \$865 in the second of a proposed two year contract. This would *amount to a 14 per cent increase* in the first year on top of postal workers current average wage of \$15,877 a year.

The importance of any settlement figure can barely be *exaggerated since the Carter* Administration is increasingly haunted by the consequences of the agreement it encouraged to end the coal strike in March.

The 37 per cent wages and benefits package seems likely to be much more of a trend-setter than the Administration believed possible and it badly needs to secure a major settlement well *below the coal agreement if the* pattern is not to be repeated in next year's heavy bargaining round, which includes the trucking, auto, rubber and electrical industries.

Mr. Frank Fitzsimmons, the teamsters' president, has already said that he will be seeking to match the miners' settlement for his truck driver members.

Refusing

At this stage, the Administration seems unlikely to be given *any help by the American Federa*tion of Labour-Congress of Industrial Organisations (AFL-CIO) which, unlike representatives of American business, is refusing to co-operate with the anti-inflation policy.

The AFL-CIO argues that union members cannot be expected to show restraint on the wages front until there is clear evidence of *a slowing* in the rate of price increases.

Air Canada pilots vote to strike on Monday

By Victor Mackie

OTTAWA, June 20.

AIR CANADA [illegible] to strike early next [illegible] a dispute which [illegible] the airline at the start of the peak-travel summer period.

Officials of the Canadian Air Line Pilots' Association announced today that [illegible] members voted 92 per cent to strike over a dispute involving first-class travel privileges for flight crews.

The strike would have a devastating effect on the Canadian Government's programme to boost tourist traffic in Canada. However, Canadians who have planned trips abroad will not be seriously affected as they can switch their reservations from the Government-owned Air Canada airline to the privately-owned Canadian Pacific or to foreign airlines.

The strike, the first to be held by the Pilots' Association over a contract, would coincide with the end of Quebec's St. Jean-Baptiste holiday weekend and the peak travel period leading up to the long July 1 Canadian national holiday weekend.

The airline, which normally handles about 37,000 customers a day at this time of year, has immediately started implementing a contingency plan to place passengers with other airlines wherever possible.

An airline official said Air Canada would continue to take reservations for flights after June 26 "in the hope the two sides can get together and resolve the issues."

The big issue for the 1,800-member union, without a contract since January, is whether the airline had the right to discontinue first-class travel privileges for its 836 first and second officers. Captains continue to travel first class.

Russia 'planning new A-bomber'

WASHINGTON, June 20.

THE SOVIET UNION is developing a new nuclear bomber similar to the B-1 which President Carter cancelled last year, according to the U.S. Defence Intelligence Agency.

The agency estimates that the bomber will be operational in the early 1980s. Its prediction was given to the Senate Arms Services Committee in private in March and was made public last night.

President Carter cancelled the \$25bn B-1 programme last year in favour of speeding up development of nuclear Cruise missiles. Pentagon officials had agreed that the best bomber *force would* be a combination of Cruise missiles and low-level penetrator aircraft.

Reuter

Videla frees trade unionists

BUENOS AIRES, June 20.

PRESIDENT Jorge Rafael Videla has ordered the release of 14 jailed trade unionists and is reviewing the cases of a number of others, Archbishop Antonio Plaza said today after a meeting with the President.

Release of trade union leaders has been demanded by the labour movement. The main Argentinian unions were taken over by the military in March 1976

Reuter

Iranian Prince to train in U.S.

TEHRAN, June 20.

CROWN PRINCE REZA of Iran is to go to the U.S. next week for a pilot's training *course,* a palace spokesman said today. The Prince, who is 17, was leaving today for a week's visit to Britain during *which he will attend* Ascot races as a guest of the Queen.

Crown Prince Reza is expected to spend several *months in the U.S.* "to train as a pilot like any other pilot of the Imperial Iranian Air Force."

Reuter

Syria: Socialism with a Levantine face

BY ALAIN CASS, RECENTLY IN DAMASCUS

THE SYRIAN economy is probably in worse shape now than at any time since the October War of 1973. And yet business is booming. Growth rates are lower than they have been for years. Gross National Product, in real terms, will rise by barely 5 per cent, in 1978, as against the average annual rates of over 13 per cent, in the years immediately following the fourth Arab-Israeli war.

But in Damascus new office blocks and apartment buildings are going up by the hundred. There is a shortage of foreign exchange, the external payments deficit—though only half of what it was in 1976—reached a total of over \$350m last year. The *trade deficit is at an all-time* high, inflation is running at over 20 per cent., and development in all but two of the major sectors has ground to a halt. And yet business is booming.

In downtown Damascus the shops are packed with luxury goods selling at outrageous prices. An ordinary household refrigerator fetches \$2,000 which is over seven times Gross Domestic Product per head. A VW Golf motor car sells at \$17,000, a Ford Capri at \$37,000, a *Mercedes 280S rarely changes* hands for less than \$75,000. A can of imported beer costs \$2.50. There is no shortage of buyers. The price of property has multiplied tenfold in the more sought after areas of the capital — which explains the building boom. Set against the *realities of Syria's virtual economic* paralysis all this is paradoxical.

But, of course, the conundrum *is not as baffling as it may seem.* The fact is that Syria, with its volatile mixture of Ba'ath socialism and a long mercantile tradition, fuelled *by the arrival of* thousands of well-heeled Lebanese fleeing the civil war, now has two economies. One is the state sector which accounts for over 80 per cent of all economic activity. The second is the private sector, a sort of half legal, half black market economy which frequently operates underground but breaks surface often enough for the effects to be both visible and, in the long run, politically troublesome.

The existence of two economies which frequently operate under different rules, feeding on different sections of the population, fuelled by separate currency *markets,* are partly the reason for the astonishing consumer boom. The state sector trading bodies are in many cases the only officially sanctioned importing organisations.

But since, for both political and economic reasons, the quantities of consumer goods they import fall far short of demand —and the Government is unwilling to allow that demand to go entirely unsatisfied—the black markets have sprung up. It is a form of benevolent ignorance which recognises the need for something in between a fully planned economy and a truly mixed one. It is socialism with a Levantine face.

Added to this, there is the huge debt *to the Soviet Union* for arms estimated at well over \$3bn, of which \$2bn is due by 1998. The rest is chiefly short-term commercial debt. Remittances from Syrians working in the Gulf help a little. But most of the estimated \$400m remitted last year filtered through into the parallel currency market and into the private sector.

A recent confidential United Nations Industrial Development Organisation report claimed that Syrian industry was operating, on average, at less than 50 per cent capacity. Up to 60 per cent of projects in the Third Five Year Plan have been carried over *into the present Plan.* The recently installed Government of Mr. Mohamed Halabi, the Prime Minister, adopted a series of draconian economic measures as a result of which virtually no new, major projects are being undertaken until the backlog—at least in the industrial sector—is cleared. One view is that the Government has deliberately sacrificed growth to beat inflation and improve productivity.

One effect of the savage cuts in the public sector by what appears to be a deliberate piece of economic policy is to allow the flurishing private sector to grow at an even faster rate, both in absolute terms and relative to the state sector. President Assad, a man who never makes a move without securing his ground first and who is well aware of the *entrenched* opposition within the ruling party to the private economic boom, is not unhappy about this. The Syrian *leader* now seems convinced that his country's economic survival depends in the long run on opening the doors to Western capital and doing away once and for all with the xenophobic policies of the past.

Two of the major problems which the present government under the insistent direction of President Hafez Assad is trying to tackle are corruption and bureaucratic inefficiency. According to one open-eyed visitor there was a *6 ft* table in the outgoing Prime Minister's office, piled 4 ft high with directives awaiting his signature. It is still the case that no expenditure above \$25,000 may be approved below cabinet level.

There are some bright spots in the public sector too, chiefly oil exploration and activities related to agriculture. For the first time since the 1950s western oil companies have been invited to look for oil. This is widely regarded by many who still remain doubtful in which direction Syria intends to take its economy as the most significant pointer yet.

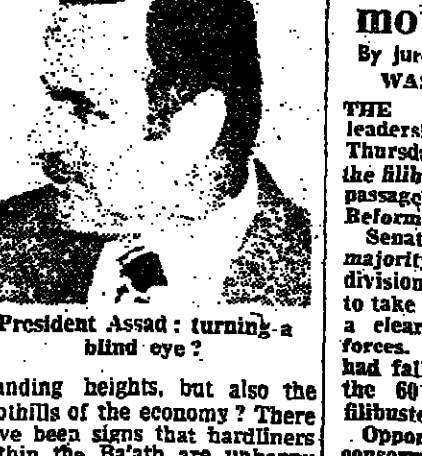
Growth in agriculture too remains strong. The 1976-78 Five-Year Plan allocates nearly \$2.5bn to the development of the major Euphrates dam project and other areas.

In the private sector the pickings are easy for those who know their way around the bureaucratic labyrinth. The profits are almost indecently healthy. One "fat cat" recently made \$3m by merely importing 200 American saloon cars. He paid \$7,000 for each abroad, purchased Syrian number plates and an import license for \$13,000 per vehicle, and sold each for \$35,000. It is easy when you know how.

Last September in a much publicised and earnestly meant drive against corruption, over *40* of the country's leading entrepreneurs were arrested. A commission of inquiry was set up. Most, if not all of these men are free again. The fact is that they are the lubricant which greases the wheels of the Syrian economy.

What happens next? There are two major issues. The first is straightforward. When will *the official economy, the strategic* sectors and chiefly industry, start to grow again? When Syria pulls out of Lebanon or when there is peace in the Middle East, or both.

The second question is more delicate. How fast can the private sector grow, under what conditions and how can this growth be reconciled with the Ba'ath Party's insistence on controlling not merely the commanding heights, but also the foothills of the economy? There have been signs that hardliners within the Ba'ath are unhappy about how things are going. President Assad is only practicing a "half-open door policy"—as opposed to President Sadat's of Egypt's "open-door"—but they don't like it. In the long run, so many believe, President Assad may not be able to avoid making the sort of dramatic *decision* which his Egyptian counterpart took some years ago. The only difference being that, while an Egyptian leader is undisputed *master* in his own house, a Syrian President holds an office where survival depends upon being able to juggle a *series of frequently* irreconciliable options.



President Assad: turning a blind eye?

Labour law move delayed

By Jurek Martin

WASHINGTON, June 20.

THE SENATE Democratic leadership has put off until Thursday a critical vote to end *the filibuster* that is threatening passage of the Labour Law Reform Bill.

Senator Robert Byrd, the *majority* leader, delayed the division, which was scheduled to take place this afternoon, in a clear attempt to rally his forces. Twice last week, he had fallen two votes short of the 60 needed to end the filibuster.

Opponents of the Bill, mostly conservative Republicans and Southern Democrats, remain confident that they can argue the legislation to death even if they lose the cloture vote on Thursday. They plan to introduce as many as 1,200 amendments, a tactic that is likely to bring them in sharp confrontation with Senator Byrd.

Mr. Byrd, who has a formidable knowledge of parliamentary practice, claims he has devised a precedent for circumventing this approach. What this appears to mean is that if the filibuster is voted to a close a blazing argument will erupt over senatorial procedures.

Japan to spend $4bn on U.S. military equipment

BY STEWART FLEMING

NEW YORK, June 20.

JAPAN HAS approved a $4bn purchase of sophisticated military aircraft—including the most advanced fighter in the U.S. Air Force—from McDonnell-Douglas and Lockheed.

The order calls for the transfer to Japan of production technology to enable the Japanese to produce a high proportion of the equipment domestically.

It also represents a significant breakthrough for Lockheed which was at the centre of a corporate bribery scandal in the country which initially led the Japanese to cancel the very planes which it is now proposing to order.

The agreement, announced by the Japanese Defence Agency and confirmed by McDonnell Douglas, calls for the purchase of 100 F-15 Eagle fighters from McDonnell Douglas and 45 P3C Orion anti-submarine patrol planes from Lockheed.

It is estimated that the fighters will cost $32.23m each and the PC3s $20.7m.

A crucial element in the package is the provision for the construction of about 40 per cent of the F-15s and 44 per cent of the P3Cs in Japan.

The F-15 is described as the most advanced fighter in the U.S. Air Force and was recently at the centre of a political storm in the U.S. when the Carter Administration announced the sale of 60 aircraft to the Saudi Arabians as part of a Middle East arms package.

Israel objected fiercely to the sale of such an advanced weapon to a potentially hostile Arab state.

For Lockheed the order will represent much-needed business in a country where it has been under severe attack. In February, 1976, the Japanese cancelled plans to buy 100 P3Cs for $1.3bn following the revelation that in the first half of the decade Lockheed had made bribes and payoffs in Japan totalling some $12.6m.

Subsequently a former Japanese Prime Minister, Mr. Kakuei Tanaka, was arrested on charges stemming from the allegations. Trials in connection with the pay-offs are still continuing.

Lockheed, however, has been through a major corporate cleansing since the pay-off scandals broke. This has involved the complete restructuring of its Board of Directors and top management. The Japanese order will be seen as an indication that these changes are erasing the taint associated with its former activities.

Europeans step up effort to supply civil aircraft

BY CHARLES SMITH

TOKYO, June 20.

THE BATTLE to win an order for between 12 and 20 short-haul jet aircraft expected to be placed this autumn by Tor Domestic Airlines grew fiercer this week when McDonnel Douglas announced a new version of the DC9 which is claimed to meet TDA's requirements.

The DC9 Super 80SF is claimed to be able to land or take off from a 1,200m runway, is no more noisy than the YS11 turbo-prop aircraft it would replace and it could carry up to 130 passengers. It would, however, take three years to deliver from the placing of an order and would not become economical to build unless a minimum of 25 orders were secured.

The DC9 Super 80SF enters a field in which the other main contenders are the British BAC 111, its 670 version, and latest version of Fokker F28. The BAC 111 is the smallest of the three candiates for the TDA orders with capacity of 89 passengers. It is believed to be marginally dearer than the F28 but would be available by the end of 1979 whereas the F28, which is still a "paper aircraft" would take two years to build.

Mr. Alan Buley, president of Fokker, is in Tokyo where he is trying to interest both TDA and All Nippon Airways, another domestic carrier in buying the F-28. Mr. Buley will also meet government officials to discuss the possibility of Japanese purchases of Fokker aircraft under the Japanese Government's plan to increase imports in an effort to cut its huge trade surpluses.

TDA has indicated that it will select a replacement for the Japanese built YS-11 turbo-prop before it tackles the other important purchasing decision now confronting it—the selection of a wide-bodied aircraft to fly internal Japanese trunk routes. The airline has also hinted that a European aircraft (i.e., the BAC 111 or the F28) is the most likely choice.

The BAC 111 has been strongly backed by leading Japanese personalities such as Mr. Toshiwo Doko, the president of Keidanren (federation of economic organisations). This appears likely to count for something in a country where aircraft purchasing decisions tend to be publicly debated to a greater extent than in the West. However the 111's early lead has to be set against a strong comeback by Fokker during the past two months.

Big increase in electrical exports by Hong Kong

SALES OF Hong Kong electrical products increased by 42 per cent. in 1977 to £163.41m. Exports of domestic appliances continued to play a major part contributing 44 per cent to total sales during 1977, with value amounting to £71.88m. Within this category, £40.35m worth of electrical space heating equipment and parts was exported, with the U.S. increasing its purchases from £24.35m in 1976 to £34.35m, Canada from £1.53m to £2.35m and West Germany from £390,000 to £540,000. Australia, however, cut its purchases slightly from £1.05m in 1976 to £860,000.

Sales of electric fans went up 47 per cent over 1976 to £14.35m, and exports of electric cookers increased fourfold from £1.53m in 1976 to £5.65m in 1977, with Australia taking £3.76m against £140,000 in the previous year, and the U.S. £1.29m against £940,000.

Sales of vacuum cleaners increased from £1.88m to £2.59m and that of food mixers from £200,000 to £320,000. Increased demand for torches and hand lanterns overseas boosted sales from £14m to £20.24m Exports of torches went up by 16 per cent from £10.24m to £11.88m. Hand lantern exports more than doubled from £3.76m to £8.35m.

It is notable that, for the first time, Hong Kong exported £2.544 worth of electromedical apparatus to West Germany. While this export value might appear insignificant, it heralds one of the many new products which are coming off the production lines in this sector of manufacturing industry.

Foreign currency UK–Brazil credit

BY MARGARET HUGHES

THE LOAN agreement for a $35m line of credit to Petróleo Brasileiro (Petrobrás), Brazil's state oil company, to cover purchases of UK plant, equipment and related services was signed in London yesterday.

The facility, which is guaranteed by Britain's Export Credits Guarantee Department, is being provided by Lloyds Bank International. The rate of interest is 7½ per cent with a loan period of 8½ years linked to a draw down period of three years.

This is the first UK export credit to be arranged for Brazil in foreign currency. The Brazilian Central Bank's reluctance to accept non-sterling credits has resulted in protracted negotiation for this facility. But in the end eventual acceptance of foreign currency by the Brazilians has resulted in the loan being finalised at an opportune moment for next week for the first ever Latin American oil exhibition—Offshore Brazil—is to be held in Rio de Janeiro from June 27-30.

And the UK line of credit is intended to cover the purchasing needs of Petrobrás and its subsidiaries, particularly for its offshore oil exploration programme in which it is investing some $1.16bn over the next four years. Around 30 UK companies offering offshore oil exploration technology, together with the Department of Energy's Offshore Supplies Office, will be participating in the exhibition.

Dr. Carlos Alberto Sholl Isnard, finance director of Petrobrás, who was in London for the signing of the loan, said he hoped that the line of credit would be used up quickly so that further facilities could be agreed.

It is understood that the original intention was to arrange a $100m credit line but this was later split into three tranches—the current $35m hopefully being only the first.

The advantage to Petrobras of this arrangement is that it limits the commitment fee which it has to pay on the any unused part of the line of credit.

The new facility follows a £15m line of credit extended by Lloyds Bank International in 1974 and now fully utilised. The biggest chunk of this credit was used for the purchase of a £10m platform structure from McDermott of Scotland. There has been some two months' delay in delivery of the platform which is now expected to be delivered at the beginning of November.

Dr. Isnard said that Petrobrás has an immediate need for another two or three platform structures and eventually a further two. Tenders have already been put out for one of these platform structures and although the bids have not yet been submitted, Dr. Isnard indicated that the new line of credit could be used for purchasing the equipment from Britain.

He added that Petrobrás would be unlikely to place any firm new orders with McDermott until the platform structure currently under construction had been delivered. But he emphasised that this did not mean that the contract now out to tender would be lost to Britain—the UK, he said, has five or six companies capable of supplying similar equipment. Petrobrás is also looking for platform production equipment which could be financed by the credit, Dr Isnand added.

£30m Soviet toy contract

BY CHRISTOPHER DUNN

A TEN-YEAR barter contract to supply toys to the Soviet Union, signed three years ago by Dunbee-Combex-Marx, could be worth over £30m by the time it expires. Mr. Richard Beecham, joint managing director of the international toy company, said in London yesterday.

"We have already done well over £2m," he added. The contract which gave Dunbee exclusive UK rights to supply the Soviet Union with moulds and equipment budgeted for a minimum £2.5m worth of business by 1985.

Under the deal, which Dunbee secured in the face of strong competition, the UK company receives Soviet toys which it then sells in the West.

"The quality of the Russian toys is good, and we can make a profit on that part of the deal too," said Mr. Isadore Shulman, Dunbee's finance director.

Dunbee was also awarded the International Trophy for Industry yesterday by the Institut International de Promotion et de Prestige. This is the first time that the Geneva-based affiliate of UNESCO has given the award to a toy company.

Imports by developing countries may fall

By David Housego

THE RATE of growth of imports from developing countries, apart from the oil-producing states, is likely to fall sharply during 1978-79, according to the secretariat of the United Nations Conference on Trade and Development (UNCTAD).

As a result, UNCTAD says in a review of the world economic outlook over the next two years, developing nations will no longer be able to play a significant part in reinforcing world recovery or in preventing a further downturn. By contrast its points out that the performance of developing nations in increasing their imports in real terms from 1974-77 at much higher rates than the growth of world exports exerted a counter cyclical role during the recession of 1974-75 and strengthened recovery in 1976-77.

UNCTAD predicts that imports by non-oil-developing countries will only increase in volume terms by an average of 2-3 per cent a year during 1978-79. It attributes this slowdown to stagnant foreign exchange receipts coupled with policy decisions by developing countries to try to limit the widening of their current account deficits. Nonetheless, it foresees that the current account deficits of non-oil-developing countries will rise by about $8bn in 1978 compared with 1977 and by an additional $1-$2bn in 1979 to average $35-$37bn a year during the period.

The secretariat says this sharp reduction in imports, particularly of capital goods and consequent expanding debt service ratios, means a "severe setback" for the growth prospects of non-oil-developing nations.

It expects their economies to grow at a sluggish 4½-5 per cent a year during 1978-79 which is below the average 5.4 per cent. a year achieved during 1970-73—the last years before the increase in oil prices.

The UNCTAD document is a preliminary version of a paper on the World Economic Outlook to be submitted to the UNCTAD Board. Its bleak view is likely to harden the stance of developing countries at the four-yearly UNCTAD conference in Manila next May when relations between industrialised and developing countries will be reviewed.

Boycott allegation on electronic parts

BY MAURICE SAMUELSON

BRITISH COMPANIES are refusing to instal specialised electronic components from Israel in British security equipment for fear of losing sales to the Arab world.

This is in spite of the quality and cheapness of Israel's electronics products and the fact that the Arab boycott regulations do not apply to military equipment.

Mr. Dan Halperin, head of an anti-boycott unit in the Israel Finance Ministry, told a House of Lords select committee yesterday that British companies were thereby depriving themselves of the benefit of Israeli know-how in this field.

It is understood that the Israeli companies affected include Tadiran, Israel's leading manufacturer of communications equipment.

Mr. Halperin told the committee which is studying anti-boycott legislation similar to that enacted in the United States, that this was typical of the anxiety and ignorance about the Arab boycott to be found in Britain and underlined the need for legislation.

The Foreign Boycotts Bill sponsored by Lord Byers is intended to protect British companies by obliging them to report all boycott applications and by banning compliance with the boycott.

The CBI, the Bankers Association and the Association of British Chambers of Commerce have told the committee that the Bill would alienate Arab customers and seriously harm British exports. Witnesses have also claimed it is too soon to judge the effects of legislation in the U.S.

But Mr. Halperin said Mr Stanley Marcus, his counterpart in the U.S. Commerce Department, had authorised him to say that no harm had befallen American business following the implementation of legislation in the U.S.

It is understood that the committee, under the chairmanship of Lord Redcliffe-Maud, has sent an invitation for U.S. officials to give evidence.

But the invitation has not yet reached Mr. Marcus and there are suggestions that it may have been held up at a Govenmental level.

Written evidence has also been submitted by Mr. Mohammed Mahgoub, Secretary-General of the Central Arab Boycott Office in Damscus.

Harley-Davidson to close Italian motorcycle plant

By Our Own Correspondent

NEW YORK, June 20.

HARLEY-DAVIDSON'S is to close its Italian production facility, bringing to an end the company's attempt to compete in the lightweight motorcycle market.

The company used to produce lightweight machines in the U.S. and moved production to Italy in order to try to maintain its competitive position vis a vis the Japanese industry. But a company spokesman said that its lightweight line had consistently lost money.

The company is in the midst of an anti-dumping suit in the U.S. alleging that Japanese manufacturers have been selling heavyweight motorcycles of over 900 cc at below fair value.

A company spokesman said that the U.S. Treasury has issued a preliminary finding on the suit in the company's favour and that its final ruling is expected at the end of next month.

The ruling will then have to be referred to the international trade commission to determine whether there has been injury.

Paul Betts writes from Rome: There is growing concern in the northern province of Varese following the decision by Harley-Davidson. Although the plant has a relatively modest annual turnover of about L5bn (£5m) and an overall workforce of only about 230 people, the threatened closure has come, in local terms at least, as a surprise.

It also comes at a time when unemployment in an area which has so far been on the whole immune from the economic crisis of the country, is beginning to be felt in Varese.

The company has deep-rooted traditions in the area. Before it was taken over by the U.S. group in 1962, it was controlled by the Varese-based Aermacchi aircraft concern.

For some time the motorcycle market in Italy has been suffering from a recession and already last November AMF decided to put State subsidised salaries (or temporary redundancies) on some 180 of its employees.

In return for trade union consent, the company apparently agreed to reinstate the 180 temporary layoffs by the end of last March and to carry out a company restructuring programme.

Building industry forecasts modest recovery

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A PERIOD of modest recovery for the construction industry after its worst recession is expected in the latest set of forecasts from the Building and Civil Engineering economic development committees.

According to the committees' joint forecasting committee, a *marginal overall* upturn in new construction of about 1 per cent is expected this year, a trend expected to strengthen to 2 per cent next year.

A 1 per cent growth in new output is forecast for the following 12 months.

The committee emphasises that although it foresees brighter times ahead, its forecasts are not as optimistic as at the time of the last set of projections last December.

The macro-economic outlook appeared less bright than six months ago and forecasts had been shaded down appropriately.

A warning not to interpret the modest improvement forecast as the start of a cyclical upturn is contained in the latest report.

This draws attention to the fact that the 1980 projections indicate a level of output which will still be much lower than at the start of the present decade.

The report forecasts an increase in private housebuilding output this year, although the next two years hold out little promise of further growth.

Private sector

Private sector starts this year are expected to reach 155,000 against 135,000 last year, falling to 150,000 next year, and remaining at that level in 1980.

Completions in 1978 should rise to 160,000 after the last year total of 140,000, and fall back in the next two years.

In the public housing sector, the prospects for output are the poorest in the report.

A picture of declining output throughout the three years under review is detailed, with completions falling this year to 145,000 against 162,000 last year, then gradually to 125,000 by 1980.

Starts *should* remain constant at 125,000 a year against 132,000 last year.

Elsewhere, public non-housing output is *expected to rise* by 2 per cent next year after a 1 per cent fall this year. A further 2 per cent rise is *expected for* 1980.

Investment

The value of output in the private industrial sector up until 1980 reflects strong investment intentions, with last year's increase of 18 per cent running at *8 per cent and 4 per cent* respectively this year and next. No further rise is expected in 1980.

An upturn of 7 per cent is expected this year in the private commercial sector, followed by further increases of 4 per cent in each of the following two years.

Repair and maintenance work should rise by 5 per cent this year, with further increases of 3 and 2 per cent recorded in the next two years.

● Orders for new construction in April were worth £769m in current prices, according to the *Department of the Environment.* This figures compares with £811m for March.

Expressed at constant prices, orders in the three months February-April were 6 per cent lower than in the previous quarter, but 12 per cent up on the same period a year earlier.

Inflation 'will stay steady this year'

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THIS WEEK'S figures *on earnings* have done nothing to undermine the Government's confidence that inflation will be at, *or about,* its present rate for the rest of the year, Mr. Roy Hattersley, Prices Secretary, said yesterday.

In a detailed refutation of claims that the underlying rate of inflation was increasing again, in which he came close to accusing his critics of being unpatriotic, Mr. Hattersley said that the increase in wage costs during Phase Three had been near enough to the Government's target to prevent an upsurge in prices.

Most of the facts which affected the next six months had already been *built into the equation.* After that, the improvement depended on a "prudent path of moderate wage demands."

Those who predicted that they would take off again did not help the Government, he implied, in its negotiations with unions over another round of wage restraint.

This campaign of "self-denigration was extremely dangerous for the country."

Mr. Hattersley, speaking at the *Eurofinas conference in Bournemouth,* admitted that his predictions could be proved wrong by an Act of God.

But even a calamity like drought would have to increase the seasonal food index by 30 per cent before it pushed the Retail Prices Index up by 1 per cent.

Much attention had been focused on the recent figures which showed that cost of raw materials had increased by 5½ per cent in the last three months, the Minister said.

But the wholesale prices index for inputs was 1¾ per cent lower than a year ago.

It took up to a year for changes in the input index finally to work their way through into retail prices, and the country was still enjoying input prices lower than in May, 1977.

Turning to wholesale prices index for outputs, Mr. Hattersley said this showed a fall in May from 10¼ per cent to 9½ per cent.

That index measured the prices of goods as they left the factory gate and it took three to six months for changes in these wholesale prices to be felt in the shops.

Taken together, the two indices suggested some months of improvement on prices. His own view was that the trend might not be as good as these figures suggested, but they certainly did not point to a deterioration.

His critics were equally wrong about the implications of the recent earnings figures. With six weeks to go before the end of the present pay round, the Government was much nearer its objective than its critics once thought possible.

The earnings index for the *whole economy showed a year-on* increase of 12.5 per cent, appreciably lower than the total on the old limited index on which *so many commentators* had concentrated.

There was nothing in the latest index to lead the Government to conclude that its inflation target would not be met.

Nor should any credence be placed on forecasts based on the rate of inflation over the last *three months. Any short period* which included an uncharacteristically high single month proved nothing.

Energy challenge to UK

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH industry *faces* a challenge to become more energy efficient for the day when fuel prices are at least double present levels.

This was the conclusion yesterday of a junior Minister, leading industrialists and fuel producers taking part in a *British Institution of Management* London conference on "Energy 2000."

Dr. John Cunningham, Parliamentary Under-Secretary for Energy and Minister responsible for energy conservation, said that fuel prices could at least double over the next 20 years.

"The fact that the UK will be among the top 10 oil producers in the world for a short while, and that we will indeed *become an oil exporting nation,* is neither here nor there in a world energy context."

Britain could not isolate itself from the international energy market.

Britain's top managements must put "financial muscle and company commitment" into cutting energy use and costs.

The Government was offering more than £100m a year for investment in energy conservation *measures.*

"The onus is on the consumer to take the initiative. Now no business can afford to ignore the benefits on offer," Dr. Cunningham said.

Mr. Robert Malpas, Imperial Chemical Industries director said that the immediate challenge facing industry was to use the breathing space created by North Sea oil and gas to deploy resources before the end of the century.

Demand

Companies could create an energy climate where an increasing standard of living could be obtained with zero or negative growth in primary energy demand.

Eventually, coal would become the feedstock for gas, liquid fuels and chemicals.

It was important to improve the efficiency of electricity *generation. Only 30 per cent* of energy contained in fossil fuels burned in power stations was converted to electricity.

Increasing use of nuclear and solar power would help to improve energy conversion efficiency.

Sir Denis Rooke, British Gas Corporation chairman, warned against making "major and irrevocable" investment decisions based on long-term energy *predictions.*

Forecasts about energy production and consumption were constantly amended.

Given continuing action to stimulate greater efficiency in the different energy uses it was logical to expect a reduction in demand forecasts.

More oil and gas might be found *on* the UK Continental Shelf than had been forecast.

"The considerable uncertain*ties which make firm planning so* difficult mean, in our view, that *options should not be closed prematurely.*"

Dr. Freddie Clarke, research director (energy) of the UK Atomic Energy Authority, Harwell, said that Britain could not expect a large contribution from the renewable sources of energy —such as wind, tides, waves and *solar energy—by the year 2000.*

If things went well, the equivalent of 10m tons a year of coal might be provided by such sources of energy.

Monsanto leaks may prompt industrial action

BY SUE CAMERON

SHOP STEWARDS at the Monsanto group's Seal Sands acrylonitrile plant in Teesside *are considering* industrial action after three chemical leaks on Monday.

A meeting of 40 shop stewards *representing* construction workers on the partly-built site decided to ask Monsanto either to make an immediate improvement in safety standards, or close the plant until effective action had been taken against health hazards.

If Monsanto refused to do either, the stewards would consider recommending industrial action.

Shop stewards say that in one *of the leaks, the warning siren* did not sound.

They want faults such as these repaired, and more extraction ventilation.

They are also demanding that the company has a doctor or a trained nurse permanently on the site.

Exposure

Their action comes after union complaints last week that five men had been exposed to dangerously high *levels* of acrylonitrile.

In the UK the legal limit for *exposure to acrylonitrile is 20* parts per million. One man—not wearing breathing apparatus—was said to have been exposed to 214 ppm at the Monsanto plant.

Monsanto yesterday admitted that there had been "minor" leaks at Seal Sands when one section of the plant was started up on Monday. But it added that management had not yet received demands on safety *standards* from the construction workers' shop stewards.

Excessive exposure to acrylonitrile can cause breathing difficulties.

Commission cuts on traded options

BY MARGARET REID

LIMITED cuts in commission charged on deals in the London traded options market are *expected to be* announced soon. In response to complaints about trading costs, the cuts should boost activity in this two-month-old Stock Exchange venture.

The Exchange's Council is considering enlarging the market by adding more shares to the ten—including such *leaders* as ICI, Courtaulds, Shell, BP and Marks and Spencer—in which options are now traded.

Negotiations are under way between the Exchange and the banks about bank guarantees to investors who write options—that is, stand ready to *sell* shares over a future period at a pre-fixed price.

To provide assurance that they can meet their obligations, option writers have to put up the shares, cash or a guarantee that they can carry out their commitment.

The banks seem reluctant for the guarantees they give a client to be effectively passed on and used as *security—say* by the broker—at a later stage in the chain of the transaction.

The Stock Exchange argues that the banks' hesitations are needless, in view of the protection available—in the options system and through the Exchange's compensation fund—against risk of default.

A reduction of commission is expected in spreads—deals whereby an option to purchase *a share by July* is sold and a new option in the same stock, running to October or January is bought, for example.

It seems likely that, if the two halves of a spread transaction are completed within two or three days, the commission on the second part will be able to be limited to the basic £2½ fixed option charge, without the usual extra sum based on the value of the deal.

Another concession may allow all deals in one type (series) of option over two or three days (instead of only one day as at present) to be added together for purposes of calculating commission.

Mr. Dundas Hamilton, former deputy chairman of the Exchange, yesterday gave up his role as chairman of the options committee on leaving the Council after six years. Last year he became senior partner of his own firm, Fielding Newson-Smith.

Asked last night to comment on the option market's first two months' trading, he said: "I think basically that the market, although spasmodic, has been better than expected.

"We are still faced with problems, partly of capital gains tax treatment and partly of making it simple for clients to operate in the market.

"Whenever we've overcome these, I think that both our broker members and their clients will need a much more intensive educational programme to show the benefits of this market both to the private investor and to institutions."

Loss of Tesco link hits Green Shield

BY DAVID CHURCHILL

A FALL in both profits and turnover for the year ended last November 5 was announced yesterday by Green Shield, the trading stamp company.

The fall reflects the loss to Green Shield of the Tesco franchise, which was given up in June last year.

Turnover for 1977 was down 6.5 per cent from £77m in 1976 to £72m last year, while profits after tax fell from £1.4m in 1976 to just over £1.1m.

Green Shield said the trading profit had been augmented by £1m which was part of a provision made in 1974 against reduced investment values and which deemed no longer necessary.

This means that the effective profits fall was about £1.3m.

The company has also added a total of £828,603 to its reserves to improve its liquidity.

The fall in profitability was expected by Green Shield after the decision by Tesco a year ago to drop trading stamps from its 700 stores. Tesco's move started off the present High Street price war which Green Shield hopes may fizzle out.

Mr. Richard Tompkins, Green Shield's chairman and founder, who owns the bulk of the company's shares, makes clear in the annual report his belief in the return of "more normal market conditions."

In the meantime, Green Shield is pressing ahead with its restructuring which has meant the merger of most of its redemption centres with the Argos discount store chain, also owned by Mr. Tompkins.

Under this link-up, stamp savers can redeem stamps at Argos shops and use full stamp books in part-exchange for goods sold by Argos.

"The expected reduction in *stamp revenue should, again, be* matched by an increase in merchandise volumes under the inter-company agreement with Argos," said Mr. Tompkins.

Work on Nigg Bay refinery suspended

BY OUR ENERGY CORRESPONDENT

INITIAL CONSTRUCTION work on Cromarty Petroleum's proposed £200m oil refinery at Nigg Bay in the Cromarty Firth, Highlands, has been suspended pending a review of the project.

So far Cromarty has built only the pilot tunnel for the underground storage *facilities.* The company said yesterday it was a convenient point to review proposals. It was talking with North Sea oil groups, the Department of Energy, and regional and local councils in an attempt to decide on the detailed configuration of the plant.

Much would depend on the types of crude oil that would be fed into the refinery and the combination of products required.

The refinery has been planned amid controversy. Big oil groups, faced with over-capacity in their refineries, say the new facilities are not needed. Cromarty says its unit will be the first plant designed specifically to handle North Sea crude.

The company was talking with potential oil producers, including the partners developing the inshore Beatrice Field.

Cromarty intended to go ahead and build the refinery, marine terminal and associated storage *project* at Nigg Bay.

● Shell said yesterday that the 280-mile long gas pipeline from Shell-Esso's big Brent Field in the North Sea to the handling terminal at St. Fergus, near Peterhead, had been completed two months ahead of schedule.

The line, laid by the semi-submersible vessel Semac 1, will carry gas produced in association with Brent oil from the field to shore, where it will be fed into British Gas Corporation's distribution system.

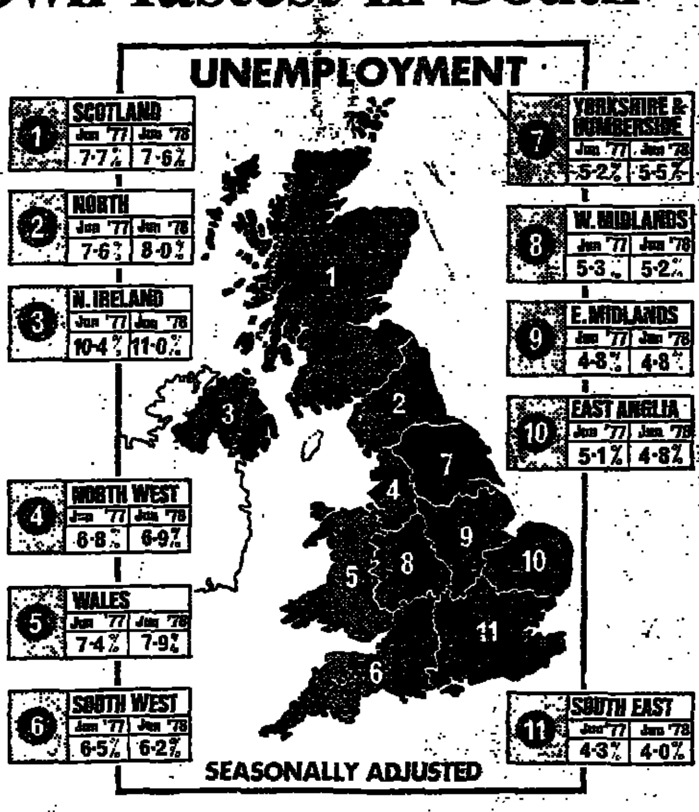
Eventually gas from other fields to the north-east of the Shetland Islands will also be fed into the pipeline.

Jobless down fastest in South

UNEMPLOYMENT is falling *fastest in the south of England* and Scotland. The only areas where the jobless total rose over the past six months were Northern Ireland and Wales.

There was a 4.1 per cent drop in UK unemployment since December.

The number of jobless fell at a faster rate than this in four areas — the south-east, where it declined 7.3 per cent; East Anglia, down 6.7 per cent; the south-west, 7.7 per cent; and Scotland, 5.2 per cent.



Improvement

In Northern Ireland the jobless total rose 4.2 per cent, while in Wales there was a 0.2 per cent increase.

The improvement in the numbers of unemployed in other areas were: West Midlands down 2.5 per cent; East Midlands down 2.3 per cent; Yorkshire and Humberside down 1.2 per cent; the north-west down *3.4 per cent; and the north* down 2.3 per cent.

Two areas where the pattern of unemployment seems to be *out of line with the general* trend were the south-west and Yorkshire and Humberside.

The jobless total fell slower in areas with higher levels of unemployment, except in the south-west, where relatively high unemployment dropped faster than any other in the country in the past six months.

Yorkshire and Humberside's unemployment rate is relatively low at 5.5 per cent, yet the improvement in the total number of jobless was only 1.2 per cent in the past six months.

Limoges manuscript fetches £22,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S CONTINUED its sale of the library of the late Major J. R. Abbey yesterday and made £239,430 from 34 manuscripts. The top price was £22,000, plus the 10 per cent buyers' premium, paid by Franklin, the Oxford dealer, for a Limoges manuscript of Gregory the Great *Homilies of Ezechiel,* produced about 1100.

A *similar* sum acquired for Kraus, the New York dealer, a late 15th-century Old Testament in Greek. *A Liber Tararum of the Papal Chancery,* produced in Rome about 1500, fetched £21,000.

A gouache of Windsor Castle, c.1770, by Paul Sandby, set a record for the artist at £19,000 in a sale of English drawings and water colours at Christie's. The sale made a total of £166,010.

Sandby, born in Nottingham, went to London with his brother and worked at the Tower of London, making maps and plans. He later moved to Windsor to help with landscaping Windsor Great Park while beginning his series of drawings and prints of the town and castle.

A view from the Thames to the north front of Windsor Castle, with the water gate in the middle distance, also by *Sandby, fetched £8,000.* Both Sandby works were bought by Thomas Agnew, the London dealer. *The Market at Covent Garden,* in pen, brown ink and water colour by Thomas Rowlandson, made £9,500.

A water colour on buff paper dated June 28, 1854, by Richard Dadd, of *David Hiding in the Cave with his Men,* went to the Fine Arts Society at £7,000: a record for the artist.

Also at £7,000, another artist record, was Francis Cotes's *Portrait of Topham Beauclerk*—son of Sidney Beauclerk, fifth son of the first Duke of St. Albans, a noted bibliophile and friend of Dr. Johnson and other literary figures. The work had been sent for sale by the present Duke of St. Albans.

A sale of Australian historical and contemporary paintings, *drawings and prints by Christie's* in Melbourne on Monday realised £160,081 (A$169,730). The sale's top lot at £5,312 (A$8,500) was *paid anonymously for Bride and Black Ram* by Arthur Merric Bloomfield Boyd.

Attendance at the Grosvenor *House Antiques Fair is well up* on last year's figures, an increase of 35 per cent for the first five days of the sale: 12,421 visitors, against 9,696 in 1977. The fair continues until Saturday.

An important sale has been made to a British collector for £28,000—a unique collection of Napoleonic items comprising a cameo necklace and a pair of bracelets set in gold belonging to the Empress Josephine, three *snuff boxes and 11 miniatures by* famous painters. The vendor was D. S. Lavender, of South Molton Street, Mayfair.

Detail of a pen and black ink portrait by Urs Graf in the von Hirsch collection, whose sale opened last night.

EEC loan scheme improvements suggested by Lords

BY REGINALD DALE, EUROPEAN EDITOR

EEC PLANS to raise Community-backed loans to help stimulate investment could bring benefits to the UK, according to a House of Lords Select Committee.

The committee finds, however, that there *is* room for improvement in the details of the scheme, approved in principle at last December's EEC summit.

The proposal, now being discussed in the Council of Ministers, is for the European Commission to issue loans up to a total of 1bn European units of account *(£1.4bn) over an un*specified period.

Each tranche would be activated by the Council of Ministers and the loans would be administered by the European Investment Bank in co-operation with the Commission.

The House of Lords Select Committee on the European Communities, in a report on the scheme, says the precise impact it would have on the level of investment is difficult to judge.

But it says that in present economic circumstances additional lending facilities to encourage investment are to be commended, particularly as enlargement of the EEC, to include Greece, Portugal and Spain, would make further demands on available funds.

The committee asks, however, whether the scheme's objectives could not be more simply and efficiently achieved by increasing the powers of the European Investment Bank to allow it to handle the large loans envisaged.

Assuming that the new facility was disbursed over a two-year period, it would only represent about one-third of the level of Investment Bank lending before the recent doubling of the bank's borrowing limit, it points out.

The committee also expresses concern that the EIB might find itself competing with the Commission for funds in international capital markets, risking overcrowding.

"While slight differences in terms could be appropriate, for example, if the Commission were *'topping up' a loan from the EIB,* it would be particularly undesirable if there came to be any differentiation between the credit standing of the Commission and the EIB and thus in the terms on which they would borrow, so that they interfered with each other when tapping the capital markets," the committee says.

The committee points out that while the proposal is based on the assumption that the Commission has a "creditworthiness in its own right," there is no reference to the form of guarantee to be offered to lenders.

Community Loans, 24th Report by the House of Lords Select Committee on the European Communities, Session 1977-78, HMSO £1.25.

Inquiry told of salvage delay

BY PAUL TAYLOR, INDUSTRIAL STAFF

ON THE DAY that the Amoco Cadiz was wrecked on the French coast vital hours were wasted while the tanker master and tug captain argued over the terms of the salvage contract.

Captain Pasquale Bardari, master of the Amoco Cadiz, told the Liberian Board of Inquiry, in London, yesterday that only twice during the nine hours *before* the tanker grounded did the German tug Pacific actually attempt to tow the vessel.

Before the Board was a log of *the events* leading up to the disaster, and a chart showing how, throughout the day of March 16, the supertanker drifted helplessly towards the rocks of the Brittany coast.

Captain Bardari began his second day in the witness box describing the first attempt to rescue the Amoco Cadiz after the tug captain had agreed to a *straight towing contract.*

The tug, owned by Bugsier, had arrived on the scene at 12.20, about two-and-a-half hours after the tanker's steering gear failed. The tug stopped pulling at 2.35 pm.

Captain Bardari said he made repeated attempts to contact the *tug captain by radio and ask* him to re-start towing but said there was usually no answer. The tug captain then asked for a Lloyd's open form—the standard form of salvage contract.

A *series of radio and tele*phone conversations followed between the two captains, Brest Radio and the Amoco office in Chicago. *Finally* at 3.55 pm the Lloyd's contract was agreed by Chicago and a telegram confirming this sent by Captain Bardari to the tug captain. Twenty minutes later the tow line broke.

Under cross-examination Captain Bardari denied that the disaster might have been avoided if he had agreed to the Lloyd's open form when the tug first arrived.

Laporte marketing chief joins CBI

By John Elliott

THE MARKETING director of Laporte Industries has been appointed a deputy director-general of the Confederation of British Industry. Mr. Brian Rigby, 45, has been a main-board *director of Laporte* for seven years. He will take up his new appointment in October.

Mr. Rigby replaces Mr. John Whitehorn, who left the confederation at the beginning of this year. He will work alongside the organisation's other deputy director-general, Mr. *Jimmy James.*

Mr. Rigby will be responsible to Sir John Methven, director-general, for three of the organisation's *directorates covering* the EEC and other overseas affairs, company affairs, and education, training and technology.

Sir John is known to want to build up the confederation's activities within the Common Market but so far has found *little* time himself to devote to this. It is, therefore, likely to form a major part of Mr. Rigby's job.

Mr. Rigby's appointment is for a four-year period and he does not rule out returning to work in an individual company later in his career.

Born in Wigan, Mr. Rigby was educated at Wigan grammar school and King's College, London, where he read chemistry. He took a post-graduate course in chemical engineering and then joined the Atomic Energy Authority.

Later he joined the Beecham group and lived in Holland for five years before joining Laporte in 1964. He first met *Sir John Methven* 10 years ago when he sold titanium dioxide to Sir John who was buying it in his capacity as head of central *purchasing at ICI.*

Aston Martin launches The Volante

ASTON MARTIN launches a convertible version of the V8 ground tourer saloon today. The Volante will be sold only in North America in the first year at $66,000. The car will be available in Europe next year and will cost about £32,500 in Britain.

With production limited to three a week, it will become one of the world's most exclusive cars, the company says.

Pit jobs hit

ABOUT 150 miners at the 80-year-old Hylton Colliery, Wearside, are to lose their jobs because geological conditions *are hampering production.* The future of the colliery, which employs 600, will be reviewed this year.

Emergency meeting on docks

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE PORT of London Authority has called an emergency Board meeting for next Wednesday at *which it will attempt to* finalise a plan on dock closures.

Sir John Cuckney, the authority's chairman, is to meet *Mr. William Rodgers, Transport* Secretary, today.

He is expected to detail a less radical rescue plan than that originally envisaged by the almost bankrupt port, but which will still involve closing one dock complex and a Government *cash injection of £50m.*

The shape and speed of developments in the next week will depend on the response from *Mr. Rodgers,* but the authority now feels that a Government decision is urgently required if the port's acute financial problems are to be addressed before the Parliamentary recess.

Mr. Rodgers, although fully *briefed during the six weeks of* discussions on the port's future since Sir John's announcement of the financial crisis, has not *yet committed himself to a par*ticular course.

He has insisted that, before discussion with other Ministers — probably in the Cabinet's economic and industrial committee — the Port of London Authority should produce formally its own preferred solution.

Mr. Rodgers, as the Minister who appointed Sir John to solve the port's problems, is almost bound to argue the case for the *one-dock closure in Cabinet com*mittee.

Another crucial meeting this week is a session between the authority and its unions planned for Friday. But there is now little hope that enough common ground can be found for the submission of a meaningful joint plan to the Government.

The present draft plan simply *lists* areas of agreement and disagreement, with the question of closures falling into the latter category.

Although the plan refers to agreement on the need to improve working practices, the unions have refused to deal in *detail with a six-point list of* practices which the authority requires abandoned. They say these must form the subject of future *negotiations.*

If there is no change in the unions' bargaining position on Friday, the port authority is likely to supplement the joint submission to the Government with its own, Board-approved plan, pointing out that without closures, the port will lose at least £76m in the next five years.

Even the authority's *modified* approach, with a single closure, will result, according to its own projections, in losses of between £1m and £4m in 1982.

For the port to be viable in that year, a 40 to 50 per cent increase in conventional cargo business would be *necessary*—a target regarded by management as impossible.

Mr. Rogers and Mr. Cuckney will discuss how to inject cash into the upper docks on social grounds, without it being treated as a general subsidy for the whole port.

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Audit reveals GLC £1.5m. overspending

BY DAVID CHURCHILL

OVERSPENDING of about £1.5m on construction work carried out by the Greater London Council has been uncovered by an independent auditor of the council's finances. It was also found that the GLC is presently spending about £250,000 more than budgeted on construction work in spite of a 50 per cent cut in the work-load.

Mr. Horace Cutler, leader of the council, last night described the overspending as "scandalous."

The overspending was discovered by Mr. J. Nicholson, the district auditor responsible for auditing the council's accounts. In his report on the GLC's construction branch he says that for 12 sample projects the direct costs exceed the value shown in the final accounts by "substantial sums." He points out that although changes have been and are being made, many contracts are still costing more than their valuation. The cumulative excess cost on some 36 contracts has now increased to £1.5m, he added.

On the GLC housing maintenance branch the district auditor says he has discovered "overbooking" of time sheets and job tickets. Bonus overpayments had led to disciplinary proceedings against a number of workmen. But the level and consistency of the overbooking in the cases examined "must give rise to serious concern," commented Mr. Nicholson.

Mr. Cutler said last night that the report raised questions about whether direct labour building should be a function of local government. "There is not the same discipline that exists in the private sector," he added.

The district auditor's report will be considered by the GLC finance and establishment committee later this week, said Mr. Cutler. The housing policy committee would also make a full investigation.

Last night Mr. George Tremlett, leader of the housing policy committee, described the report as "horrifying" and said that the direct labour branch at County Hall was a shambles.

"On the basis of this report we would be quite justified in closing the construction branch down altogether," he said. But he promised to consult senior officials and trade unions before taking any action.

EEC to pay £1.5m to retain steelmen

MORE THAN £1.5m will be paid out of EEC funds to help to retrain redundant British steelworkers.

The money is to be made available for 3,374 British Steel Corporation workers. It will be put towards a £2m British programme for retraining and providing resettlement allowances.

The average of about £400 for each redundant worker is seen as a generous interpretation by the European Coal and Steel Community of Article 56 of the Treaty of Paris.

More than £990,000 is being provided for workers at Templeborough, Rotherham; Troastre and Port Talbot, South Wales; Lanarkshire, Clyde Iron, Clydebridge, and General Terminus Quay, Scotland; and Stocksbridge, Sheffield.

A further £580,000 will go to assist personnel affected by closures at Cleveland, Hartlepool, and Shepcote Lane, Sheffield.

British Steel has put in a variety of claims for European Coal and Steel Community help to resettle redundant workers during the last year as the corporation's work-force has been slimmed down by more than 15,000.

The corporation's redundancy and compensation payments to individuals have ranged from a few hundred pounds to — in rare cases — £17,000 for long-serving senior men employed at works which British Steel has wished to close early because of the world steel recession.

A number of further British Steel claims for assistance from Community funds are in the pipeline.

Union chief puts case on company reports

BY CHRISTINE MOIR

EMPLOYEE COMPANY reports should not be allowed to supplant statutory report and accounts, according to Mr. Moss Evans, general secretary of the Transport and General Workers Union.

If they were allowed to do so, companies could put an interpretation on results which they could not do in statutory accounts and could give only the good news in employee accounts while filing the bad news with the Companies Registrar.

Writing as part of a symposium published yesterday on the needs of special users of accounts, Mr. Evans outlines a number of main areas in which companies reports could be improved.

Top of the list is the need for disaggregation. "Parent companies should annex the accounts and reports of wholly-owned subsidiaries to the group accounts" together with a statement on inter-group financial arrangements."

Second, companies who did not prepare their reports within the time limit allowed should be penalised much more stringently than at present. "In the past, there has been wholesale flouting of the law" on this matter.

Seven financial areas are pinpointed, ranging from leasing commitments to foreign currency transactions on which further disclosure would be valuable to employees and trade unions in their pay bargaining.

In addition, a further 13 points on employee matters could also be considered for statutory inclusion. These cover items such as total costs of training, redundancies and pension provisions.

Mr. Evans' views are expressed in one of four papers covering the main users of company reports. Other users include shareholders and stockbrokers' analysts, banks and financial backers, and Government departments.

All four writers are primarily concerned with a company's long-term profitability, financial strength and future prospects and are agreed that further disaggregation and considerably more uniformity in presentating accounts are needed.

Speaking for stockbrokers, Mr. John Chiene, senior partner of Wood Mackenzie, calls for further disclosure of geographical cash holdings because the assessment of liquidity may depend on whether overseas cash balances can be remitted.

He also believes that the detailed needs of institutional shareholders may lead to a two-tier approach to company report and accounts.

Mr. Gerry Essam, head of the domestic banking division of National Westminster Bank, says bankers see the need for improvements in disclosure of funds and capital requirements.

He pinpoints five particular areas: a detailed analysis of short-term debt, five-year records of capital, reserves, sales, profits and margins, a detailed breakdown of the use to which capital is committed and a clear basis of asset revaluations.

Hield plan to close Fred Ambler

By Lynton McLain

HIELD BROTHERS of Bradford is to close its Fred Ambler subsidiary, cutting Britain's fine-count worsted yarn capacity by up to 25 per cent.

One hundred people have been given 90-day redundancy notices and will lose their jobs in the autumn.

Fred Ambler was taken over by Hield Brothers in January 1974, when it was one of only four fine-count worsted yarn producers in Britain.

Reduced demand in Britain and overseas for the finest worsted cloth has hit the fabric makers on which Fred Ambler depended.

Hield Brothers said last night that some equipment would be transferred to its own works, and the rented factory returned to Bradford Corporation.

Take-home beer

THE TAKE-HOME beer trade is expected to increase its share of total sales from 10 per cent to 14.3 per cent by 1985, the Brewers Society predicts.

That would align UK habits much more with those of Continental Europe, where about six pints of beer in ten were consumed at home.

Other Crown Agents men 'had loans'

TWO MORE senior officials of the Crown Agents were alleged at the Old Bailey yesterday to have received loans from financier Sidney Finley, who is on trial accused of corruption.

Mr. Victor Durand, QC, defending Finley, 57, of Nightingale Lane, Clapham, South London, said Mr. Alan Challis, formerly director of finance, and Mr. Edward Morris, second Crown Agent, received loans.

When the trial opened on Monday Mr. Roy Amlot, prosecuting, said the former manager of the Crown Agents' sterling Money Market, Mr. Bernard Wheatley, had been bribed with loans from Finley totalling £320,000 as an inducement to authorise £1.75m loans of Crown Agents money to Mr. Finley's companies.

Mr. Finley is facing eight charges of corruption involving loans to Mr. Wheatley. Mr. Amlot told the jury that had Mr. Wheatley not died last year he would have been in the dock with Mr. Finley.

Mr. Durand raised the question of the other loans with prosecution witness, Mr. Eric Osgodby, assistant secretary at the Crown Agents.

Mr. Osgodby recalled a meeting with Mr. Finley in 1974 but could not remember being told about the loans to Mr. Challis and Mr. Morris.

Mr. Durand asked: "Would you agree that loans to these two gentlemen, although repaid, would have been a matter of great interest to you?"

Mr. Osgodby replied: "Had I been as aware then as I am now of the situation, the answer is most certainly."

Mr. Osgodby agreed the Crown Agents had become moneylenders in a big way from 1967 and had their fingers badly burned.

NEB ruled out of mine rescue

The National Enterprise Board will not take part in the rescue bid for Wheal Jane, the Cornish tin mine which Consolidated Gold Fields has decided to close, Mr. David Mudd, Conservative MP for Falmouth-Camborne, said yesterday.

This course, which he had suggested, had been rejected by Mr. Bob Cryer, the Parliamentary Under Secretary for Industry.

Companies union gives plan to aid small businesses

By John Elliott, Industrial Editor

A PLAN to help small businesses is being put forward by the Union of Independent Companies, which was set up last year as a pressure group for unquoted concerns.

The union wants the Government to modify employment legislation; slow down implementation of the Health and Safety at Work Act; introduce a top 50 per cent rate for personal tax; improve small businesses' banking facilities; and establish a Small Business Agency.

The union, an organisation of companies rather than a trade union, has been formed by activists who have been prominent in such organisations as the Confederation of British Industry and Association of Independent Businesses.

Its president is Mr. Bill Poeton, who runs a business in Gloucester and used to be a prominent member of the confederation.

Mr. Poeton believes the union differs from its rivals in that it is basing itself on local branches in individual parliamentary constituencies. It hopes to become a localised organisation rather than a national lobby group based in London, and intends to try to persuade local MPs to take up its causes. Its membership will be owners of independent unquoted companies, but not self-employed people.

Debenhams and Hepworth plan boutique deal

Financial Times Reporter

A RETAILING link-up between the Debenhams stores group and J. Hepworth and Son men's retailing chain is expected to be concluded shortly.

The deal would mean that Hepworths would set up separate men's boutiques within Debenhams stores, with the emphasis firmly on the Hardy Amies brand name.

Hepworths are currently carrying out pilot schemes at four of the 30 Debenham stores. Mr. Jeffrey Rowlay, Hepworth's managing director, said yesterday that the schemes so far had been a success. There had been no detrimental effects on other Hepworth's stores close by. It is felt that the new boutiques will reach customers who do not normally shop at Hepworths.

No 'divine right' for editors over staff, tribunal told

MR. JACOB ECCLESTONE, vice-president of the National Union of Journalists, told an industrial tribunal yesterday that he did not believe editors had the "divine right" to move members of their staff round, especially if it was a move to a lower status job.

Mr. Ecclestone, a journalist employed by The Times newspaper and a union representative on the Press Council, was giving evidence for Mr. C. Gordon Tether, the former Financial Times columnist dismissed 20 months ago after a long dispute with Mr. Fredy Fisher, the editor, over the editor's control of his column.

Mr. Tether, aged 64, of Worplesdon, Surrey, who wrote the Lombard column in the Financial Times for 21 years, is claiming unfair dismissal compensation and reinstatement.

Yesterday, the 42nd day of the hearing, Mr. Tether asked Mr. Ecclestone whether he agreed with Mr. Fisher's contention that it was a well understood practice in Fleet Street that editors had a right to change the job of their journalists, even to move them to more junior jobs, without their consent.

Mr. Ecclestone replied: "I would say an editor does not have the right to do this without their consent."

He could not think of a similar example at The Times over the last 10 years where the editor had been able to move someone quite arbitrarily, particularly if this involved loss of status.

"I would not accept for one minute that an editor could do that."

Mr. Tether asked him to comment on a statement presented to the tribunal on behalf of the Father of the NUJ Chapel (office branch) at the Financial Times saying that it was clear that at the newspaper specialist writers were given considerable freedom within their fields, although their copy could always be changed or deleted by the editor.

Mr. Ecclestone said this would depend greatly on the nature of the particular writer's contract.

He would have thought that Bernard Levin's column in The Times, for instance, was not treated in the same way as that of a junior foreign specialist. Mr. Levin would have much greater freedom.

Questioned by Mr. Thomas Morison, counsel for the Financial Times, Mr. Ecclestone said he accepted an editor had the basic right to determine the contents of his newspaper.

Mr. Robin Corbett, Labour MP for Hemel Hempstead and a journalist for more than 20 years before entering Parliament, said the column's role was to express opinions and to stimulate or irritate its readers. It was never dull.

Mr. Tether, in his final address, said that his employment with the Financial Times lasted 40 years. He served under four different editors before Mr. Fisher took over in 1973.

"When the dispute started I was at the height of my career and the top of my profession, and the other principal actor in the drama, Mr. Fisher, had been with the Financial Times for 20 years.

"It is important for the tribunal to bear in mind that two of the most important realities of the situation are that the dispute started at the end of 40 happy years of successful work because of the attitude taken by a man who had been there for a much shorter time than I had."

The evidence showed there were no grounds on which any reasonable editor could have reached the bonafide conclusion that his work was strident to a point, as Mr. Fisher had put it, likely to prejudice the reputation of the Financial Times.

Was it reasonable, asked Mr. Tether, to expect him to believe that, co-incidental with the arrival of a new editor, his work had become strident and hectoring.

Mr. Tether said the only conclusion he could draw was that the censoring of his work was really dictated by Mr. Fisher's unwillingness to allow his philosophy, instead of Mr. Fisher's, to prevail in the column.

Mr. Tether said that one of the main reasons why so little progress was made towards achieving a dialogue between him and the editor was that Mr. Fisher was unable to understand there was a difference between having the right to edit and a right which had to be exercised reasonably.

He could not see that in challenging the way Mr. Fisher's editorial prerogative was exercised he (Tether) was not challenging the prerogative itself.

Mr. Tether added that the Financial Times had not met the legal burden of proving that there was a custom in Fleet Street that editors had the right to change the jobs of their journalists without their consent.

Therefore, the Financial Times had not proved that the editor's directive limiting the scope of his column did not constitute a contractual change, he maintained.

The hearing was adjourned until Tuesday.

Rhodesia talks bid stressed by PM

By Ivor Owen, Parliamentary Staff

BRITAIN'S UNREMITTING efforts to convene a new round-table conference on Rhodesia were underlined by the Prime Minister in the Commons yesterday. *He again resisted Opposition pressure for support for the* transitional Government established in Salisbury as a result of the internal settlement.

"Hardly a day goes by without the Foreign Secretary or myself being involved in some exchange or other in attempting *to get all the parties to this dispute together.*"

Mr. Callaghan agreed with Mr. John Davies, Shadow Foreign Secretary, that the issues involved in the Rhodesia question should transcend party politics. There was no prospect of either Britain or the U.S. being *able to enforce a settlement*, he insisted.

"We are constantly making moves with all the individual parties concerned to try to get them to discuss these issues and to get a settlement as quickly as possible."

Mr. Davies warned: "At the moment, we are in the course of losing, perhaps, the single greatest opportunity for securing a solution to this problem."

He urged the Prime Minister to use his influence to remove the grave suspicions against the British Government harboured among those who had signed the internal settlement, by enabling *a proper and positive solution.*

In notably less restrained terms, Mr. Michael Brotherton (C. Louth) called on the Government to support the internal settlement. The pursuit of a "vendetta" against Mr. Ian Smith was no substitute for a positive policy.

Labour rallies to Bill on political donations

BY IVOR OWEN, PARLIAMENTARY STAFF

IGNORING THE fact that the target *date for getting private* member's Bills on the Statute Book in the current Parliamentary session is no longer within range. Labour backbenchers yesterday trained their legislative sights on company contributions to Conservative Party funds.

They gave enthusiastic support to *Mr. Douglas Hoyle* (Lab. Nelson and Colne), a member of the Tribune Group, when he successfully sought leave to introduce a Bill designed to subject companies to similar restrictions as those faced by *trade unions when making political* donations.

The Companies (Regulation of Political Funds) Bill was given a first reading by 190 to 127, majority 63.

Mr. Hoyle explained that the Bill would require companies to establish a separate fund for political donations and provide that shareholders should be given an opportunity to contract out.

"I am here to protect the interests of shareholders," he mocked, amid cheers and *laughter from the Labour* benches.

For too long, contended Mr. Hoyle, the "captains of industry in their ivory boardrooms" had been able to indulge in their political whims and fancies by providing financial support not just for the Conservative Party, but for a number of allied organisations as well.

Many of these subsidiary bodies did no more than provide "cover" as the large sums given by big business went, in effect, directly into the coffers of the Conservative Party.

*In addition to the contracting-*out procedure, said Mr. Hoyle, the Bill would also provide that companies should conduct a ballot among their shareholders before making political donations.

The establishment of a separate fund from which *political* donations could be made would be subject to majority approval by the shareholders.

Mr. Nicholas Ridley (C., Cirencester and Tewkesbury), who led Tory backbenchers in opposing the Bill maintained that the *restrictions on political donations* by companies advocated by Mr. Hoyle would have little effect on Conservative Party fund-raising.

"We raise about £9m in funds every year, and over three-quarters of this comes from door-to-door collections and not from industry."

He accused Mr. Hoyle of seeking to introduce restrictions basically designed to penalise the Conservative Party at a time when the best interests of all concerned with fund-raising for political parties, lay in preserving the status quo.

Mr. Ridley pointed out *that* shareholders already had the opportunity to protest against political donations at annual meetings of companies and, if they wished to opt out altogether, had the right to sell their shares.

He suggested that many trade union members objected to making political donations to the Labour Party and reminded Mr. Hoyle that in his own union — ASTMS—63 per cent of the members had contracted out of paying the political levy.

Callaghan hopes for Phase 4 agreement

By Philip Rawstorne

MR. JAMES CALLAGHAN told the Commons yesterday that he still had "considerable hopes" *for a Phase 4 pay agreement* with the unions.

Whether the hopes were justified or not, the Government's position would be stated clearly and truthfully, he declared.

The Prime Minister, who is expected to put forward the Government's proposals soon after the round of union conferences ends next month, said it was clear that pay increases would have to be kept in single figures if the rate of inflation were to be held down.

Britain's inflation rate was now lower than several of its competitor countries *but* was still higher than that of Japan, Germany and the U.S.

"I would like to see it comparable with those also," he said.

Challenged by Mr. Margaret Thatcher to forecast the rate of inflation for next year following the rise in earnings in April to an annual rate of 15 per cent, Mr. Callaghan *said* he had no reason to withdraw what he had said previously.

"We shall need a substantially lower rate of increase in earnings next year if we are to maintain inflation at the present level."

As the Tory leader persisted, Mr. Callaghan reiterated: "There is no reason why inflation should rise into double figures if we adhere to our policies and keep the increase in incomes to single figures."

Questioned again by Sir Geoffrey Howe, Tory *economics spokesman*, about the April earnings figure, Mr. Callaghan said it showed that it was necessary to carry the consent of the people to pay restraint.

"I do not think either side stands for a *statutory* incomes policy," Mr. Callaghan declared.

The Prime Minister said that Tory glee over the possibility that Phase Three had failed was to be expected. "I do not think, however, that we should accept that one month's figures reflect the true situation," he said.

Some 800,000 building workers had just settled for a 9.75 per cent increase, and the Phase Three outturn might well be *below 15 per cent.*

Unequal matching helps Healey to easy triumph

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY is most frequently seen in public as the heavyweight boxer—14 Budgets and still (just) the champ. But yesterday, he did not need to be so bruising and was rather more the Chess Grandmaster, simultaneously *beating several challengers*, if not blindfold, then at least effortlessly.

His appearance before the Social Services and Employment sub-committee of the Commons Expenditure Committee was, anyway, an unusual event.

It was, according to Mr. Healey's entourage, the first time in living memory that a Chancellor of the Exchequer had been a witness at a public hearing of a Commons Select Committee—and the session was clearly a success.

The matching was unequal. On one side, Mr. Healey showed why he inspires respect, if not exactly affection, within Whitehall: his complete mastery of his brief and the topic of the day—unemployment.— was shown throughout. On the other side, the sub-committee less two of its more colourful members, Ms Maureen Colquhoun and Mr. Nicholas Winterton often appeared worthy but ineffective, failing to press home questions.

Attempts by two Tory members, Mr. Ivan Lawrence, and Mr. David Madel, to press the Chancellor on the proposed rise in the National Insurance surcharge left him completely unruffled, while Mrs. Renee Short was a somewhat benign chairman.

Indeed, the Chancellor was able to get away with a partial sleight of hand when comparing the unemployment effects of increasing the surcharge and of raising VAT. He presented detailed figures showing how much smaller an impact the surcharge might have by next summer, but then blandly stated that the effects were more nearly equal by spring 1980, while revealing no figures.

This passed by with no reaction from the MPs, while he defused with obfuscation, a potentially damaging question on the relative impact on exporting industries.

At times, Mr. Healey appeared to be giving a lecture to awed, though promising, students. The Chancellor *explained the difficulties of projecting unemployment*—in particular, its relationship with output. He then said that since the committee had shown that it fully understood the problems and weaknesses of such estimates, he would consider, just consider, making the figures available.

The 70 minute session, attended briefly by a small group, described as foreign dignataries was all very relaxed, though perhaps rather technical to anyone listening to the broadcast summary.

Mr. Healey himself appeared pleased with the session, though he did not seem keen on too frequent a repetition. On this performance he has little to lose, and MPs will have to he much sharper if they are to penetrate the confident exterior.

Hint of cheap bus fares for travel to school

A STRONG HINT that cheap bus fares are to be introduced for all children travelling to school was given by **Miss Margaret Jackson**, Education Under Secretary, in the Commons yesterday.

She said the Department of Education and Science hoped to publish its proposals on "easing the present anomalies on fares" before Parliament breaks for the summer recess.

"It is our hope that the proposals will contain the basis of a scheme which will enable all children to travel to school for a reasonable sum," the Minister added.

Mr. Stan Newens (Lab. *Harlow*) said: "The cost of fares to travel to school imposes a heavy burden on many parents. There is an urgent case of introducing proposals to restore half *fares for all schoolchildren.*" He urged that the Transport Secretary (Mr. Rodgers) should look closely at free travel to school for all children.

Mr. John Evans (Lab. Newton) said that many local authorities were applying the three-mile limit on reduced fares too rigidly.

Miss Jackson said local authorities were empowered to assist parents who claimed the fares burden was too high. But many *of them were choosing not to use* this power.

Mr. Roderick MacFarquhar (Lab. Belper) was worried that children already receiving free travel would be penalised under an overall cheap fares system.

Miss Jackson said that the Department was looking at these *matters. "We hope to establish* a fair system and one which minimises the loss of benefit," she added.

Miss Joan Maynard (Lab. Brightside) urged the Education Department to lower fares in rural areas. "People are often low paid in these areas and it is dangerous for their children to walk to school," she said.

Tory group wants PR referendum pledge

BY RUPERT CORNWELL, LOBBY STAFF

CONSERVATIVE electoral reform campaigners have latched on to their party's need to recapture votes lost to the Liberals with a plea for a referendum on PR to be inserted in the mani*festo for the next election.*

The pressure group, Conservative Action for Electoral Reform (CAER), comprises 90-odd Tory MPs and peers, not to mention other sympathisers, including some members of the shadow Cabinet.

*Given Mrs. Thatcher's anti*pathy to proportional representation, there would seem scant chance of CAER having its way. But it argues forcefully, in a pamphlet entitled "The Right Approach to the Liberal Vote," that the Tories will have to regain support lost to the Liberals in 1974 to be sure of success in the election.

"Part of this job has been made easy for us by the Liberal antics since then. But there are still between 2m and 3m hard-core Liberal voters—more than enough to swing the balance either way—and it must make sense to believe that they would be greatly influenced by a referendum promise," the pamphlet states.

The group points out that on the October 1974 results there are 92 seats where the combined votes of Liberals and Tories would have defeated Labour.

If just one-third of Liberal supporters in that general election switched to the Conservatives, the present Opposition would have a windfall of 31 seats from Labour—in all probability enough to make the difference in winning a working majority in the next Parliament.

The group acknowledges the political reality that "at present the leadership of the Conservative Party cannot commit itself to the principle of electoral reform." But it adds that "there is no reason why the Tories should not give full and enthusiastic support to a referendum on the issue."

The wider use of referenda has already been backed by Mrs. Thatcher, and such a pledge in the case of PR, the group insists, would not alter the formation of an exclusively Conservative government to carry out manifesto policies. These could easily be on the Statute Book before the referendum was held.

Predictably, the calculation was swiftly challenged by the Liberals' own election reform group, LAGER, which promised a Liberal drive on PR to capture Tory and Labour voters.

Coloured immigrant figures show fall

By Rupert Cornwell

NEW FIGURES issued by the Home Office last night show that coloured immigration into *the Home Office last night show* Britain is apparently firmly under control and continuing to decline.

Entrants from the new Commonwealth countries and Pakistan accepted for settlement in the UK dropped 3 per cent in the first quarter of 1978 to just under 10,300. For all immigrants, the same period saw a light increase, from 17,100 to 17,300.

A big fall was registered in the number of male fiances from the sub-continent entering Britain, one category that was a priority target of the hard line Tory immigration policy unveiled in April by Mr. William Whitelaw, the party's home affairs spokesman.

Although the Conservatives claimed that slackness by the Labour Government on this point had led to widespread abuse, the total of male fiances admitted in the first three months of this year, in fact, dropped by 9 per cent to 616.

At the same time, the number of illegal immigrants detected by the authorities jumped to 238 from 182.

Again, the official figures seem to support the Government's contention that immigration controls are already working well, and that the tighter curbs called for by Conservatives would make little difference.

Welfare heads new charities

ANOTHER 3,598 charities were registered last year, bringing the total in Britain to 125,908, the Charity Commissioners reported yesterday.

The largest class of new charities covers social welfare and cultural activities, particularly new theatre trusts.

Football ground safety loan

NOTTINGHAMSHIRE County Council has agreed in principle to a loan to Nottingham Forest Football Club of not less than £150,000 to help the club with the £60,000 improvements to its ground under the Safety of Sports Grounds Act.

£550 apology

BRITISH RAIL is paying £1 a head compensation to 550 house*wives from Doncaster and* Humberside who took a day trip that ended with four breakdowns on the return journey from Windsor. The train home arrived three hours late, at 2 a.m.

W1 post move

WESTMINSTER Chamber of Commerce is to sponsor a Post Office advisory committee for the W1 postal district after discussions with the Post Office, Telecommunications Service and Post Office Users' National Council. Main mail users in the area are to have talks today.

Tory leader rejects Pardoe attack

MRS. MARGARET THATCHER the Tory leader, yesterday hit back at Liberal MP Mr. John Pardoe's accusation that her Ulster trip was "one of the most despicable by any British politician since Chamberlain's last trip to Munich."

She said in Belfast: "It is typical Pardoeism. He once faced me in an election in my constituency at Finchley and was soundly beaten. He has never forgiven me."

Mrs. Thatcher, at the end of her visit to Ulster, also denied Mr. Pardoe's accusation that she was trying to forge an election alliance "with the representatives of religious bigotry in Northern Ireland."

She said she had not discussed an election alliance with the unionists and, in fact, had not held any political meetings with local parties. The nearest she came was when she jointly hosted a Belfast lunch with the Unionists.

Mrs. Thatcher said: "My objective is clear. I want a clear and overwhelming majority for the Conservative and Unionist party in the UK."

There were no plans or discussions taking place under which the Ulster Unionists would return within the Conservative Whip.

In a *television interview* yesterday, Mr. Gerry Fitt, SDLP MP for Belfast West, said that the minority parties in Northern Ireland had trusted Mr. Edward Heath as leader of the Conservative Party but would not trust Mrs. Thatcher.

"I certainly agree with John Pardoe when he said this was a political visit to try to garner some support for the Conservatives from the Unionist members in Northern Ireland," he said.

The minority in Northern Ireland, Mr. Fitt added, would view with *suspicion anything which* emanated from a Conservative Party or Government led by Mrs. Thatcher.

Soccer girl ruling 'barmy'

A COURT ruling in favour of 12-year-old Theresa Bennett who was prevented from playing in a boys' soccer team was described as "barmy" by **Mr. Tam Dalyell** (Lab. West Lothian) in the Com*mons yesterday.*

He asked the Government what advice it could give to a young male teacher who wanted to run an all-male football team.

Mr. Gordon Oakes, Minister of State, Education, said his advice to such teachers was to study the Sex Discrimination Act.

MPs back safeguards for Ulster creditors

BY IVOR OWEN

NEW SAFEGUARDS for creditors in company liquidations in Northern Ireland will become operative as a result of the decision of the Commons last night to approve the draft Companies (Northern Ireland) Order, 1978.

The main effect of the order will be to bring company law in Northern Ireland broadly into line with that of England and Wales.

Mr. Don Concannon, Northern Ireland Minister of State recalled that the Murray Committee on company law, appointed by the old Stormont Government in 1969, described the lack of a Northern Ireland insolvency service as one of the most serious defects in the field of company law in the Province.

The order remedied this deficiency by providing for the *appointment of an Official* Assignee for company liquidations with duties and obligations broadly similar to those of the Official Receiver in England.

Mr. Concannon explained that the Official Assignee would be appointed by the Department of Commerce and act under its authority, but he would also be an officer of the court.

For the first time, Northern Ireland would have a Governmental authority charged with statutory responsibility for the oversight of the proper conduct of compulsory liquidations in the interests of the creditors and public, who would be available to act if a liquidator was not forthcoming in response to, or in the absence of, the usual commercial incentives.

The Minister told MPs that extensive public consultation in Northern Ireland had shown *overwhelming support for most* of the provisions of the draft order.

But he admitted that considerable concern had been expressed by and on behalf of private limited companies which would be required under the order to make specified information about *their accounts* available for public inspection.

This would include information about the company's balance sheet and profit and loss account, the chairman's remuneration and the remuneration of the directors and of staff above a specified salary limit.

The Government had decided that while the provisions relating to the disclosure of such information should be retained in the draft order the Department would not seek to implement the requirements for private companies until the disclosure provisions of the fourth EEC directive had to be met—probably not before 1982.

At that point, the Government would be able to review any new circumstances — including any proposals for changes in English law—before finally bringing into operation the disclosure provisions of the order.

BL Cars acts on unofficial strikes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS has called a meeting with shop stewards at Longbridge, Birmingham, on Friday, to discuss its *concern* at the growing problem of unofficial strikes.

The move at Leyland's biggest plant, with 20,000 manual workers, is interpreted by some senior union officials as the first step to crack down on indiscipline and poor productivity.

Productivity

The company denied last night that any general threat had been issued to withdraw credentials from shop stewards leading unofficial disputes. But management is seeking union support for action against *two* stewards involved in a recent stoppage.

Mr. Michael Edwardes, the BL chairman, has made it clear to workers that productivity must be raised dramatically if the State-owned corporation is to become viable.

A recent joint study by management and unions showed that UK plants achieved only half the productivity levels of competitors *on the Continent.*

Good performance at Longbridge, the volume car plant scheduled to produce the £280m replacement for the Mini, is particularly important. Output has improved in recent weeks, following a threat from management that any shortfall in Mini production would *have* to be met by imports from the Seneffe plant in Belgium.

But there is no mistaking the mood of uncertainty in a plant where nearly 1,200 jobs have already been shaken out this year as the result of a management drive to improve productivity.

An unofficial strike by 80 drivers at the Rover plant, Solihull, has made 4,200 workers idle at nine factories. Production of Rover saloons, Land Rovers and Range Rovers is at a standstill at a cost of around £3m a day at showroom prices.

Foremen expected to accept cash offer today

BY PHILIP BASSETT, LABOUR STAFF

THE MANAGEMENT of BL Cars, formerly part of British *Leyland, is to meet BL foremen's* representatives today and seems likely to put a cash offer to them that should settle the foremen's grievances over parity payments.

An overtime ban and other sanctions in support of the demands by the 5,500 foremen was averted this week on the advice of Mr. Don Mathison, *national officer of the Associa*tion of Scientific, Technical and Supervisory Staffs, which represents the foremen.

Almost all BL plants suspended the action until the outcome of today's meeting was known, although an overtime ban is in force at the Cowley plant, near Oxford.

An *agreement* between BL and the unions last November has given parity payments to the hourly paid workers but not the supervisory staff. About 80,000 BL car workers have received payments of between £39 and £130 as the first stage in the move for the same wage for the same job regardless of location.

The cash offer BL Cars seem likely to put to the foremen today, which should defuse the threat of further industrial action, will accord with payments to the hourly paid workers, a minimum of £1.50 a week and a maximum of £5.

Print workers to seek more pay, shorter hours

BY ALAN PIKE, LABOUR CORRESPONDENT

DELEGATES TO the National Graphical Association conference yesterday pledged themselves to an aggressive campaign for increased basic rates and a shorter working week.

The conference, in Douglas, Isle of Man, decided that if necessary, the campaign should include mandatory regional and branch meetings during working hours and could involve non-co-operation and a work-to-rule.

Pay rates among members of the NGA, which represents the majority of skilled workers in the print industry, vary widely. Earnings in Fleet Street are high, while the minimum earnings *level among many* provincial print workers is £53.72 a week.

Mr. Joe Wade, general secretary, told delegates: "The days when *we* could support our members for seven weeks in industrial action are gone—destroyed by inflation."

On the broader pay policy question, the conference adopted a motion indicating that the only terms on which delegates would accept "any further government *interference" in collective* bargaining would be if there were maintenance of members' living standards, effective price controls and restoration of all social service cuts.

Delegates also instructed the national council to secure a reduction in the working week *to 35 hours for all members.*

Dockyard workers strike over £20 pay claim

BY OUR LABOUR STAFF

SIX THOUSAND workers at Portsmouth dockyard held a one-day strike yesterday in support *of a £20-a-week pay claim after* union leaders of the industrial civil servants had rejected the Government's 10 per cent pay offer as "derisory."

The dockers, mainly belonging to the Transport and General Workers' Union, the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union, claim to be £20 a week behind comparable pay levels outside the Civil Service.

The strike followed a week which included banning overtime, working to rule and smaller walkouts.

Four hundred dockers marched *on a meeting in London* on Monday when the Government put its 10 per cent pay offer. The dockers are expected to be back at work today.

Leaders of the 172,000 industrial civil servants, who rejected the 10 per cent offer earlier this *week, will meet the Civil Service* Department again on the offer on July 3.

Mr. Mick Martin, public services' national secretary of the TGWU, which with 92,000 members in the industrial Civil Service is the biggest union involved, described the offer as "*derisory*" and said *it* was totally unacceptable.

The Government offer emphasised the restoration of craft differentials, giving greater increases to the higher paid workers.

For the lowest grades, at present taking home £30-£35 a week, the offer could consolidate the Phase Two supplement of £2.50 and add £3.50. This would mean only £1 a week extra after stoppages, Mr. Martin said.

Micro-electronics effect on jobs study urged

BY NICK GARNETT, LABOUR STAFF

THE Association of Professional, Executive, Clerical and Computer Staff has written to Mr. Len Murray, the TUC general secretary, calling for a study of the potential effects of micro-*electronics on employment.*

Mr. Roy Grantham, the union's general secretary, said yesterday that he was afraid individual unions would assess this type of technological change in terms of their own areas of operation rather than looking at the wider implications for employment generally.

The unions have shown considerable concern that micro-electronics might have severe repercussions on employment over the next two decades.

Partly through union pressure, the Government's Think Tank—the Central Policy Review Staff—has been instructed by the Prime Minister to examine the ways in which micro-electronics might alter society.

Basnett accuses Bank of England

By Christian Tyler, Labour Editor

THE Bank of England was accused yesterday of a kite-flying attempt to pre-empt Ministers' and negotiators' decisions about pay levels in the next bargaining round.

Mr. David Basnett, TUC chairman and general secretary of the General and Municipal Workers Union, described as disruptive the Bank's suggestion that earnings should be kept below 8 per cent—implying 5 to 6 per cent on wage rates—after the stage three 10 per cent limit expires at the end of next month.

Mr. Basnett and the other Neddy six union leaders could well protest to the Chancellor about this public airing of percentage norms when they meet him later this week for discussions on the economy and moves towards some kind of informal understanding on pay and the shorter working week.

Another member of the Neddy six, Mr. Hugh Scanlon of the engineering union, said yesterday that his union's information showed that wage settlements above the 10 per cent guideline in this round had been achieved solely by self-financing productivity deals.

Official figures published on Monday suggested that average earnings in this round could be higher than the 14 per cent projected up to now.

Mr. Basnett said: "It is already clear that there can be no phase four in the sense of an agreed code, norm or ceiling as the Bank proposed. That is just not on.

"While making it clear that the union movement cannot agree to a rigid incomes policy, we are also making it clear to Ministers that if the economic policies are right—on employment, inflation, living standards and services—union negotiators will conduct collective bargaining in a responsible way.

"In the context of a new economic understanding with the Government, inflation can be kept under reasonable control, but interventions by the Bank of England do not help."

Assurances on chemicals group sought

By Philip Bassett, Labour Staff

THE GOVERNMENT is to seek formal assurances from Tenneco on the future of Albright and Wilson, the British chemicals group which is the subject of a take-over bid by the American *group.*

Tenneco has given assurances on employment, worker involvement and Government consultation to the unions involved. Albright and Wilson shareholders are being recommended to accept the latest offer from Tenneco.

Mr. Alan Williams, Minister of State at the Department of Industry, met representatives from the Transport and General Workers' Union, the General and Municipal Workers' Union and the Association of Scientific, Technical and Supervisory Staffs yesterday to discuss union con*cern about the possible implications* of the take-over bid.

Mr. Williams said that the Government intended to seek firm assurances on similar points to the unions' concerns about the bid.

Deal accepted by building workers

THE UNION side of the *national joint council for* the construction industry accepted a pay deal yesterday which will affect about 800,000 building workers.

The deal, which runs from June 26, improves basic pay, holiday and sick pay and the industry's death benefit scheme. A working party is to discuss the introduction in 1980 of a fourth week's paid holiday.

The Transport and General Workers' Union said earlier this week that it will be pressing again for further consolidation of pay supplements and a 35-hour week.

Benn assures Scots miners of £35m plan

UNION leaders in Scotland's coal industry have been assured that the £35m development of a mine to tap seams under the Firth of Forth will go ahead. This is in spite of plans to build an advanced gas-cooled nuclear power station less than 20 miles away.

The assurances came in talks between union officials and Mr. Anthony Wedgwood Benn, Energy Secretary. Mr. James O'Connor, Scottish area secretary of the National Association of Colliery Overmen Deputies and Shotfirers told the association's *annual conference* in Margate yesterday.

Faced with the possibility of an electricity surplus in Scotland, the unions approached Mr. Benn who told them that the Musselburgh mine project would not be affected by the Torness reactor due to come *into use in 1986.*

هكذا من الأصل

Management

EDITED BY CHRISTOPHER LORENZ

Japanese industry welcomes the men from the Ministry

IN THE UK the tendency for civil servants to meddle in industry is often deplored, because they are thought to be unsuited, by training, experience and attitude of mind, to take business decisions. How is it, then, that in Japan the deep involvement in industry of a large, powerful and pervasive bureaucracy has produced such *excellent economic results?*

Part of the answer, as Chalmers Johnson points out in an admirably clear and informative book*, *lies in history.* The Japanese state had its beginnings under an oligarchy which created and nurtured a *powerful bureaucracy to serve* its own interests. Even now the normal Western device for supervising the civil service, a *parliamentary assembly, has not* developed to the point of real effectiveness. The American occupation sought to bolster the influence of the Diet (Parliament), but the unintended effect of the reforms carried out by the Americans was to strengthen the state bureaucracy, at the expense of the military and, to a lesser extent, of the family-controlled industrial groups or zaibatsu.

Although the power of Ministry officials is a source of much debate and criticism in Japan, the worst excesses of bureaucratism appear to have been avoided. This is partly due to Japan's long experience with bureaucracy and to the sophistication and ability of the officials themselves. It is also due to the range of instruments through which the bureaucrats exert their influence. One of *these is the public policy company*—an organisation set up and/or supported by the state to achieve certain national *objectives. Such bodies are* common in the West, but, Johnson suggests, the Japanese have used them more extensively, more flexibly and more skilfully than any other country.

He distinguishes six categories of public policy company, based on proximity to the sponsoring Ministry and the degree of control exercised by that Ministry. At one extreme are the direct government enterprises like the postal service, of which there are remarkably few in Japan.

The author explains that during the post-war period the Government has attached the highest priority to the balanced budget. Hence when new services had to be provided, they were put on a "pay their own way" basis. The public corporation, with separate management and accounting, proved an admirable vehicle for this purpose. "In Japan people pay public corporations directly for many government services that are provided free in other societies. At the same time the Japanese *enjoy one of the lowest tax bur*dens of any OECD nation. The relatively low level of direct government activity is merely *the other side of the coin of an* extremely active public corporate sector."

Public sector

This sector includes bodies like the Japan Housing Corporation, which builds apartment blocks in the suburbs of large cities; the Japan Export-Import Bank and the Japan Develop*ment Bank*, the largest of the country's finance corporations; mixed public/private companies like Japan Air Lines; auxiliary bodies like JETRO, the external trade organisation; and national policy companies like Kyodo Oil, set up in 1965 to establish a nationally-owned presence in oil refining and distribution.

Johnson's sixth category consists of ostensibly private sector companies which are the Government's chosen instruments in particular sectors, like Fujitsu in computers.

Companies in this last category "are distinguished by having a high concentration of retired government bureaucrats on the boards, strong delegations of their executives on powerful government advisory commissions, and a history of direct involvement with the Government in forms such as governmental assistance at their births, administrative guidance, governmental subsidies and governmental brokerage in effecting mergers or joint ventures. These companies are comparable to the defence industries of the United States."

The classic example is Nippon Steel, the world's largest steel producer, formed in 1970 by a merger between the Yawata and Fuji steel companies. Yawata had been owned directly by the Government until 1934. Even after that retired officials of the Ministry of International Trade and Industry (MITI) continued to dominate its board of directors, so that wits described MITI itself as "the Tokyo office of the Yawata Steel Company." The Americans split the company into two during the Occupation and its re-creation in 1960—during a period in which the Government was en*couraging large-scale mergers* in several industries—was a triumph for bureaucratic nostalgia.

Two key features of Japan's public policy companies are the financing system and the appointment of ex-bureaucrats *to top managerial positions.* From 1953 onwards Japan has had what is sometimes known as a second budget in the form of the Fiscal Investment and Loan Plan (FILP).

Through this arrangement funds deposited by the public in the government's various savings accounts are consolidated for planning purposes and used for investment, either in the public policy companies themselves or, through intermediaries like the Japan Development Bank, in companies and industries regarded as high *priority. FILP is both a device* for channelling the savings of individuals into industry (a substitute for an active stock market) and *an instrument* whereby the state can guide private capital investment.

Critics

The second feature is known *in Japanese as amakudari or* "descent from heaven." Senior officials retire early in Japan, normally between 45 and 55. Because retirement benefits are relatively poor, they have to find another job and this is normally in big business, in politics, or in one of the public corporations. It is a well-developed system and there is a definite hierarchy among the various *amakudari* routes. MITI officials dominate descent into big business, while Finance officers tend to go primarily to the public corporations. Agriculture, and to some extent Finance, lead in sending ex-bureaucrats into politics, while Education and Foreign Affairs are forced by lack of connections to rely primarily on their own auxiliary organs.

The official explanation of *amakudari* is that it helps to solve the problems of a civil service which is large and poorly paid in relation to its responsibilities. But the effect is to maintain what foreigners have described as consensual decision-making or "an interlocking directorate among the bureaucracy, the Conservative party and the business community."

There are many critics of the system: charges have been made that some public corporations are kept in being long after their original purpose has been achieved, simply to provide retirement havens for ex-bureaucrats.

Yet there are real advantages, as Johnson points out. "Forcing officials out of their sinecures by the age of 55 inhibits the tendency of life-long bureaucrats to become rigid and complacent. It also puts them on notice that they must eventually enter and perform in a world that is much less tolerant of the arrogance and the legalistic mentality that often character*ise bureaucrats. Further, the* need to descend from heaven stimulates bureaucrats to learn new things throughout their ac*tive-duty service, which can be* salutary, though it can also produce conflicts of interest."

This book shows how the *Japanese have borrowed a* Western-type institution—the public policy company—and used it in a way which is uniquely Japanese. Yet the uniqueness of the system does not mean that it is impossible to understand, or that some elements of it may not be applicable in other countries. The problems of bureaucracy are international: how Japan has dealt with the problems deserves to be closely studied by other, less successful, industrial countries.

Geoffrey Owen

**Japan's Public Policy Companies, by Chalmers Johnson. American Enterprise Institute $3.75*

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Building site adventure

I own a building site which I bought with the intention to sell after contract but before completion, because I had prearranged a sale before negotiating the purchase. Before my completion date my solicitors passed to me a cheque for 10 per cent, and informed me that the purchaser had contracted to buy the land. However, very soon after this I was informed *that, in fact, contracts* had not been exchanged with my purchaser and that my solicitor had made a mistake. As is usual in such circumstances, I kept the 10 per cent in lieu of damages — this amounts to £3,750.

I now have to complete my *tax return for the relevant* year. Could you please tell me if this amounts to capital gain, or income, or what?

The transaction may well be regarded as an adventure in the nature of trade, so that the current and prospective profits fall within the scope of income tax *(under case I of schedule D).*

If neither you nor the inspector invoke the income tax rules, however, the forfeited deposit will be chargeable to capital gains tax, as though it were the proceeds of sale of an intangible asset which had cost you nothing (under paragraph 14(8) of the seventh schedule to the Finance Act 1965).

Not a pretty picture

***An art gallery, selling pictures* by local artists and accepting a small commission, sold the same picture twice. After the exhibition closed, the second purchaser took possession of the picture, but was later told of the error and gave the picture up. What, please, is the legal position of the three parties involved?**

The second purchaser is not entitled to the picture, but has a claim against the seller for breach of contract. That claim would be for the loss of bargain, that is the difference between the purchase price and the actual value of the picture. It is thus likely to be no more than nominal if the artist is available to paint to commission.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Chemicals: a divided industry looking for EEC help

BRUSSELS

WHEN Viscount Etienne Davignon agreed to meet chemical industry leaders in Brussels next week for the latest round of talks on the industry's pressing problems the least he was hoping for was to be presented *with the pleas of* a united industry. Action must be taken quickly to solve the troubles of Europe's chemical industry, the EEC's industry commisioner warned recently. But without a clear economic philosophy behind the action, the problems could only be made worse.

Unfortunately for Viscount Davignon, while the Commission's industry secretariat hoped to deal with the deep-rooted problems before the crisis became too severe, the wish to act with a degree of foresight is being thwarted by the chemical producers 'inability to present a united stance.

The European chemical industry employs more than 2m people and has a volume of sales larger than any other chemical industry in the world. But important sectors of the industry, chiefly plastics and base petrochemicals, have been badly hit by serious plant overcapacity, weak prices and falling growth rates. The basic cause of the present crisis is the com*plete loss of growth experienced* in crucial markets since 1974, a boom period for chemicals.

Producers, stretched to an expected continuing demand, put in train a major investment programme for building new capacity involving larger and larger plants. This capacity has been coming on stream in the last couple of years, *but* market growth has collapsed.

Part of the industry's response has been to look to Brussels for help, although Viscount Davignon has made it clear that he considers the industry itself is to blame for much of its present misfortune.

But how is the industry *organising its lobby? In 1972* it set up an organisation in Brussels known as CEFIC—the European Council of Chemical Manufacturers Associations. CEFIC is founded, not on member companies, but on member federations, the national chemical federations of 14 countries of Europe.

It has the status of a non-governmental organisation. It is governed by a general assembly with a *president* and vice-president elected every two years and a committee of the directors of *the* national federations. Its remit covers all the industry's affairs which are more than purely national, including *international* trade, protection of the environment, distribution and safe transport of chemicals, energy and the *supply of feedstocks.*

It is still a young organisation and to a great extent is feeling its way in the corridors of Brussels power. *But it is not* helped by the conflicts of interest and conviction that pepper its work. Each national *federation* is already a confusion of interests as member companies work to give priority to their individual cases. But at CEFIC level this is magnified 14 times over and is then added to by the conflicts of different national industry policies in the member countries.

Irreversible

Some CEFIC members are not even convinced that Brussels representation itself is necessarily a good thing, although others are aware that the pro*cess of government involvement* in industry is irreversible.

Mr. Martin Trowbridge, director general of the Chemical Industry Association *in the UK*, is a protagonist of the latter view. "I suggest that on an industry-wide basis chemicals are at *present very light on* public relations effort at EEC level, even though a few individual companies are doing a *great deal to* ensure that our case is not lost by default," he says. "This, however, is no proper solution for the longer-term future. While the 'listening post' function in Brussels is relatively well developed, I question whether, as an industry, we are committing anything like enough resources—either nationally or on a pan-European basis—to the active aspects of the work needed *in* Brussels, Luxembourg and Strasbourg."

Certainly CEFIC has been extremely short of resources. Until recently its executive organisation consisted of only five people: the director general, Dr. Gustave Bunge, formerly a senior executive with Hoechst, along with four seconded or ex-employees from BASF, Montedison, Rhone Poulenc and Imperial Chemical Industries. At the same time, the industry directorate in Brussels is supervised by just one man, Mr. Walter Schaefer.

In order to sharpen its policies CEFIC recently decided to form a new general policy committee to consist of a select number of the most senior executives in the industry. How successful this initiative will be depends, however, on the number of companies that consider themselves among the "select" of the industry.

Fundamentally, however, the industry's problem is how to show a united face to the world, when disagreements often run very deep.

The Dutch chemical industry has urged what is perhaps the most practical approach. It proposes speeding up the current time-consuming anti-dumping procedures in the Community and would like a system of "normal values" based on the cost of the most efficient producer. If products were offered below these prices, the Commission could act more quickly on a com*plaint. They are also seeking a* register of buy-back deals with Comecon countries.

To achieve a co-ordinated approach to *over-capacity*, say the Dutch, the industry must first improve its statistics, which are currently either non-existent *or misleading. This is a point* stressed by Walter Schaefer of the Commission. "It is CEFIC which brings the problems to the Commission. I would like them to quantify their difficulties. I have had to send them back to do their homework on such issues as competition with the U.S. and the Eastern Bloc."

But time is running out for the chemicals industry if it wants to put its own house in order. As Mr. Schaefer points out, at the moment "decisions tend to be based on the lowest common denominator, especially when the impact on individual companies is conflicting."

Kevin Done

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Redland makes more use of rail links

WITH ITS marketing eye on the estimated annual 65m. *tonnes of* aggregate required for construction and civil engineering work in the south-east of England, *Redland Aggregates in conjunc*tion with British Rail has embarked on a major scheme for the transfer of crushed granite from its Buddon Wood, Mountsorrel quarry in Leicestershire to receiving depots at Radlett, Herts., and Higham, Suffolk.

A new railhead at Barrow-on-Soar is an important part of the £2m project, half the cost of which is being met by Redland and half by a grant from the *Department of the Environment* under Section 8 of the Railways Act, 1974. Under this Act any commercial organisation can apply for a Government grant of up *to* 50 per cent of the cost of sidings, terminal facilities and wagons.

Redland's Buddon Wood quarry is reckoned to have reserves of over 100m tonnes of stone and it has in operation there one of the largest primary crushers in Europe capable of dealing with 5m tonnes a year. With its present equipment, *which includes* secondary crushing plant and other processing machinery, the quarry is producing over 1m tonnes a year and this is now being carried on conveyor belts running for 1½ miles to the sidings at the railhead at Barrow-on-Soar.

The loading sequence of different sizes of crushed stone and the number, weight and timing of batches is controlled at the sidings by an operator who is in *constant contact with a computer* which "watches" over operations at the quarry.

Overall capacity of the loading system is 1,000 tonnes an hour and it takes under two hours to load a 36-wagon train with 1,350 tonnes. Trains move under the loading point at a speed precisely related to the rate of discharge of aggregate from the conveyor belt.

Redland said at the formal opening of the railhead last Monday by the Secretary of State for Transport, Mr. William Rodgers, that further receiving depots for aggregate from Buddon Wood quarry were planned for Elstow, Beds., Padworth, Berks., Stevenage, Herts, and Sevenoaks, Kent. They will all be supplied by the special trains loaded at the Barrow-on-Soar *railhead.*

Loading wagons at Redland Aggregates' Barrow-on-Soar railhead. The operator in the control cabin has a direct link with the "overseeing" computer which is 1½ miles away at Buddon Wood quarry.

● MATERIALS

Drive for oil industry business

SOME 60 per cent of Union Carbide Corporation's coatings service research and development budget is being concentrated on work for the oil industry and the company is *making a particularly vigorous* drive to attract work from this rapidly growing sector.

New coatings applications have been studied for offshore platform equipment, onshore installations and down hole equipment. Hard coatings applied by detonation guns are protecting guide shoes for down hole inspection devices. Ball valves can be coated with chrome oxides or chrome carbides to resist wear.

At the same time, jar mandrels coated with tungsten carbide are under test.

New coatings, developed for areas of particularly severe wear, such as on drilling equipment, are being applied to plungers for well treatment pumps.

Because of the importance the company is attaching to this corner of its market, a new position — European programme *manager, oil industry* — has been created and Mr. Brian Phipps, who is based at the Swindon centre, has been appointed. He has long experience in coating services in the U.K. and Canada.

More information from Union Carbide, Coatings Service Division, Drakes Way, Swindon, Wilts SN3 3HX. 0793 29241.

Long-life lintels

LIGHTNESS ON site, protection from corrosion attack and long life (up to 60 years) are the advantages offered by Hilsmith Lintels with the use of its Thermalintels which have just won the Agrément Board certificate.

This medium-sized company, originally established in 1824 for making steel fencing, has, it claims, led the field in manufacturing and supplying crash barriers for motorways in the UK. Looking to the future, and utilising plant and resources, it has developed the lintels as a *spin-off from previous manufac*turing successes.

Using a process the company believes is unique (patent applied for) the zinc coating is applied to the mating surfaces of the lintel, eliminating the possibility of accelerated corrosion in these areas, thus ensuring total protection from corrosion attack.

Hot dip galvanising after fabrication produces a zinc coating approximately .003 ins thick plus an alloying of the zinc with the parent metal. If steel sheet coils are galvanised prior to fabrication the galvanising process is continuous and produces a zinc coating approximately .001 ins thick and *only a* negligible alloying of the zinc to the base metal.

The process used by the com*pany involves the chemical* cleansing of the product by immersion in hydrochloric acid and its subsequent immersion in molten zinc at 460 degrees C. The baths used are 13 ft deep allowing most lintels to be dipped vertically to ensure a smooth coating of zinc of generally uniform thickness.

More from them at PO Box No. 4, Canal Street, Brierley Hill, West Midlands, DY5 1JL (Kingswinford 70228).

Pipeline life extended

DEVELOPED by the General *Descaling Company following* recent trials in collaboration with the Water Research Council, an epoxy resin paint is claimed to be ideal for lining pipes up to 10 inches diameter.

The company expects the coating—which is applied by a high-speed centrifugal process—to have a life of 20 to 30 years or more and because it is quick drying it can be applied to lengths up to 130 metres at one time. *Drying is so rapid that* water pipes can be restored to service at the end of each working day.

Further from the company at Retford Road, Worksop, Notts., S80 2PY (Tel: Worksop 3211).

● COMPUTERS

THIRTY years ago today a research team at Manchester University successfully operated a stored-program *machine for the first time anywhere—they operated* a computer as it is generally accepted today. Now, the computer industry with all its ramifications into industry, education, government and defence has grown to the third largest industry worldwide, after petroleum and transport. The all-British team was led by F. C. Williams and Tom Kilburn. Sir Frederick Williams died recently. Professor Kilburn is the guest of honour at a luncheon to be held in Manchester to mark the event. Other members of the team who today will meet again under the aegis of the National Computing Centre include Dr. Alex Robinson now at UWIST in Aberystwyth, Dr. Geoffrey Toothill (NPL) and Dr. T. Thomas (Edinburgh Regional Computing Centre).

● PERIPHERALS

Terminal family

INTRODUCED by Digital Equipment Company are a number of terminals, based on a *new video* unit VT100, which are fully compatible with the PDP-11 computer line.

*They all incorporate the com*pany's LSI-11 microcomputer, can support multiple workstations and offer a choice of communi*cations formats.*

Two of the models, the 11/110 and the 11/130, have video only, while the third, the 11/150, offers a choice of video or *hard copy.* The two latter types have magnetic storage.

All the terminals are able to run either stored programs or programs sent to them from another computer (down loaded). In addition, the systems have provision for three extra unintelligent terminals.

The PDT 11 range is fully compatible with the instruction set of PDP-11 minis, permitting program development at the *assembly level and program* interchange between the mini and the terminal.

Prices range from £2,800 for one 11/110 to £3,500 for 100 of the model 11/150. More on 0734 583555.

● PROCESSING

Hard rock crushed

PRINCIPALLY INTENDED to *meet the requirements of asphalt* and concrete producers is a range of jaw crushers for secondary and tertiary reduction of hard and abrasive rock.

There are six models available from Brown Lenox and co., Pontypridd, Mid Glamorgan CF37 4BY (0443 3261) with a choice of 102mm or 127mm feed sizes. They can be set to produce aggregate ranging from 9mm to 45mm.

A prime feature is that the *crushers operate by pure com*pression thus minimising jaw wear and power loss by avoiding abrasion in the crushing chamber. This is claimed to reduce operating costs relative to other types of secondary or tertiary crushers when handling hard material.

The models can be skid-mounted, wheel-mounted, or incorporated into permanent plant as appropriate.

● SOFTWARE

Analyses the micro

MADE BY Millenium in the U.S., the Microsystem Analyser is to be made available in the UK by Microsystem Services, of Duke Street, High Wycombe, Bucks. (0494 41661).

The equipment is used in *conjunction with a software* development system or a minicomputer cross-assembler to simplify hardware checking and the integration of hardware and software. It employs two techniques—in-circuit emulation and signature analyses—to provide a powerful diagnostic tool for *isolating sub-system and systems* faults during product development.

For emulation—imitating the functions of the *microprocessor* in the system under test — the latter's socket is used to connect to the analyser via an umbilical. A micro in the analyser then takes over, operating the system *under test using its programs* and memory, with the additional ability to set hardware break-points (that is, the effect of some kind of external hardware event), step through program instructions, examine, display, or alter registers, memory, and input/output values.

In signature analysis the analyser detects bit streams generated by the system under test, compresses them and then displays hexadecimal representations of their values. Each time emulation cycles through the test program, the same bit streams come up at the same *nodes and the compressions* are compared relatively easily with known good values.

● SURVEYING

Spy plane is a model

TO CUT costs, radio controlled model *aircraft* are now being used to take photographs from the air by Photair Services of Oxshott, Surrey.

Shots are taken using a nine foot wingspan model powered by a methanol-fuelled glowplug engine and carrying either a 35 mm wide angle or a 2¼ square camera. The aircraft flies at 20 to 30 mph and shutter speeds are set to a 500th or a 1,000th of a second

Applications are in archaeological *work, motorway route* planning, crop growth and disease detection using infra-red film and perhaps even for property and sports photography.

More on Oxshott 2345.

● WELDING

Absorbs the fumes

LONG-STANDING problems associated with welding fumes have been treated with an *assortment of* units, which give limited efficiencies, short operating life, high operator maintenance, or heat losses associated with the discharge of exhausted fume to the outside atmosphere.

Carborundum Environmental Systems has a new fume control unit, the *Fumeline, which* will deal with fume generated by all welding applications and will also remove the odour traditionally associated with units which return the exhausted air direct to the working environment.

Component in the new equipment is its *giving* efficiencies in excess of 99.6 per cent (verified by independent tests) and removing dust, smoke and odours, sub micron particle sizes.

The unit will handle an exhaust rate of 400 cfm from its 0.55KW fan, the outlet of which is acoustically *treated to achieve* a low operating noise level of 78 dBa maximum.

Technical details from Carborundum Environmental Systems, Spencer and Halstead, Ossett, West Yorkshire, WF5 9AW. 0924 275121.

Industrial and Commercial Finance Corporation

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LOMBARD

A lesson in caution

BY COLIN JONES

THE SKIRMISHES the Government has been having with the European Commission over the UK's shipbuilding, employment, and North Sea equipment subsidies are nothing compared with the thrust now being mounted by the Americans on the issue of industrial subsidies generally. The U.S. is exerting its strongest pressure in the current GATT trade negotiations but the subject is also likely to be discussed at next month's summit meeting of the world's leading industrial nations at Bonn where the U.S. can expect strong support from the West Germans.

Mandate

What makes the American contentions a force to be reckoned with is the negotiating mandate their trade representatives were given by Congress. Unless some kind of international agreement on industrial subsidies has been concluded by the end of 1978, the provisions in the 1974 U.S. Trade Act making compulsory the imposition of countervailing duties on U.S. imports receiving production or export subsidies in the country of origin will come into operation

The Americans want the Europeans in particular, whom they see as the main villains in this matter, to agree to greater disclosure of subsidies, to bring up to date (which means widen) the 1960 GATT list setting out what is regarded as an export subsidy, and to endorse the principle that ideally all subsidies should cease. In return, the U.S. would appear prepared to accept the test of "material injury" for counter-measures against subsidised imports which other GATT members have been operating since 1947. This is not a straightforward trade-off, as subsidies would form part of a wider GATT package embracing tariff and non-tariff trade barriers. But the Americans are adamant that without some new understanding on subsidies it could be much more difficult to resist U.S. industrial and political pressure for protective measures against foreign competition.

The obstacles to an agreement may be considerable but the chances of making one work are even more imponderable, as is evident from the experience of the European Community. Of course, the Commission in Brussels carries nothing like the guns of the U.S. Administration or of any EEC national government; but the difficulties it has had to contend with are none the less instructive.

Contrary to the impression that may sometimes be given in this country, the EEC Treaty does not ban the use of industrial subsidies. The founding fathers recognised that State aids were a necessary instrument of national policy both to soften the political and social consequences of economic change and to help bring about desirable changes more quickly than would happen if the operation of market forces were relied upon. However, they did not want to see the benefits of trade liberalisation frustrated by the use of subsidies as the scope for more conventional measures of protection was reduced.

The Commission's main line of approach, therefore, has been to try to make sure that subsidies are used only when, to the extent, and so long as they are necessary to promote adaptation to changed circumstances. To facilitate this, it has drawn up a series of guidelines for regional and sectoral aid schemes and has tried to persuade member governments to bring other more general aid schemes into a regional or sectoral context so that their acceptability from a Community trade point of view can be vetted in advance rather than a posteriori.

Frustrated

An even more difficult problem has been the lack of transparency of many subsidy arrangements. It is hard enough assessing the trade effects of, say, tax concessions or loan guarantees to private sector firms, and even harder to unravel financial relations between governments and some State-owned enterprises—a point that is now exercising the U.S. authorities in the case of British Steel. After labouring hard for six years, the Commission believes it has cracked the problem of transparency in the private sector but it has hardly even started on the public sector.

In the world at large, governments have more freedom of action to deal with subsidised imports. But EEC experience shows that a GATT code on subsidies could be a crude, unreliable blunderbuss. Political and social pressures may have been increased by the recession. But unless governments — recognising that the profligate international use of industrial subsidies is a race that no one ends up winning — begin to show some self-restraint, hopes of giving world trade a boost could well be frustrated by an outbreak of reciprocal protectionism.

The year that gave us the best of Irises

GARDENS TODAY

BY ROBIN LANE FOX

HAS THERE EVER been a better year for irises? There have been two bursts of rain in their flowering season, neither of which has damaged them too badly. There have been clear skies to show off their colours, but not such hot sunshine that the flowers have gone over within a day or two of opening.

I doubt if there have ever been such connoisseurs of the iris as the pre-industrial Japanese. But their poems on iris-flowers against a pale blue sky have come home to us all this summer, even if the flowers on our big bearded varieties are larger and more strongly coloured than the waterside irises which the Japanese placed so cleverly. I am tempted to copy Kew Gardens and lay out four formal beds of bearded irises simply for the sake of a bright fortnight. Thoughts of ground-elder, lifting, clearing and dividing are easily brushed aside when the flowers are at their best.

How can the season best be prolonged? For a start, in April and May, you should find room for the small variations on Iris Pumila. Suppose you have a flat topped low wall with one of those standard six-inch wide strips of earth in it, left considerately by a pre-war builder who assumed that you would fill it with aubrieta and white alyssum. You want something different before you fill the gaps with petunias: unless you like the fleshy leaves of houseleeks more than I do, you could hardly do better than buy a few of the small irises. The next fortnight or so is the time to beg a bit from gardeners who already have them. A bit hacked off now and planted out at once will root and probably flower next year.

Three weeks

The blues and the yellows are well known, Amber Queen being the one to look for. But my favourite by a long way, perhaps my favourite iris of all, is the newish American Green Spot. One bit of this has grown into six good clumps and innumerable fragments for friends in only four years. It flowers very freely, a special shade of waxy green-white with darker green marks on the falls.

Although it is hardly a foot high, it lights up the garden for three weeks in early May. I know nothing like it and recommend it strongly for any wall, rock garden, edging or border which is struck at least by half a day's sun. There are other good ones, the white The Bride and the violet Blue Pygmy. But Green Spot is the best of the easy ones and is so valuable because it flowers that month or so before the full iris season.

Again among the lower varieties, the striped leaves of the variegated forms of Iris Pallida are also worth the price. Only a foot or so high, they are nonetheless so bright in the front of a border that they distinguish it throughout the year. My two plants have now multiplied into ten and are full of the pale violet blue flowers which go so pleasantly with their greyish leaves, striped with deep cream-white. It may seem rather tame to grow an Iris only for its leaves, but these are so bold and so easily placed that no keen gardener should pass them over.

One of my most valued plants, over the years, and certainly not one of those irises which has to grow in a damp place. Mine are best in a dry and well-drained light loam. They look rather ragged in early April, but will soon recover.

These two, then, will give you something worth looking at out of the usual iris season: what, then, of the big Iris Germanica, the named varieties which are so spectacular? There are two ways of building a good collection. During this week or so, you should note the best local clumps as they go out of flower in nearby gardens. In early July you can then trouble the owners for an outlying rhizome or two. In all honesty, they are the better for being split up. Early July, after flowering, is the right season for the job. You can be a bit later in the year but the later you split and plant, the less your chances of a full show of flower on the parent and child next year.

Nonetheless, you will want irises of your own choice. Kew's excellent iris garden has been a fine place to see a wide range; like most gardeners, I have my favourites. A warning, however, before I name them. My respects, as always, to the nurserymen in Britain, but I have been short-changed more often than they would wish to believe when ordering irises blind from their catalogues. Sold fairly enough, as "open-ground plants" they arrive as a tiny splinter of a thing, years away from maturity.

"Containerised" iris are hardly better, usually being the unrooted divisions in early summer, potted up into an absurdly light seedcompost, wrapped in black polythene and sold at £1 a time. See what you are buying and do not settle for a fragment.

Multiply

Notcutts of Woodbridge, Suffolk, are no iris specialists, but they have not let me down. Their flesh-pink Party Dress, creamy yellow-white Starshine, pink, white and apricot Marilyn C, deep purple Benton Evara (a splendid single colour) and white and greenish yellow Golden Alps are my mainstays. They are all slightly better than the neighbours' likely range. Like all irises, they multiply into wide mats by the end of three years, so you do not have to buy more than a few.

There are two obvious, but important, tips: irises must be planted with their rhizomes, or central roots, flat and largely above ground. If buried, they rot and fail to be ripened by the sun. The roots proper will anchor the rhizome into the ground. If you have never planted one before and cannot see what I mean, ask an experienced neighbour before you muddle its prospects. The second point is to plant only in clean ground. If you want a new iris-bed, poison the existing green weed, especially bindweed and ground-elder with a weed-killer based on, say, Paraquat.

Then, apply a simazine (Weedex, for instance) which kills weed seeds in the soil and lingers on for three months. Then, and only then, put in your new selection. Ground-elder seldom arrives out of the blue: it is simply latent in the bed before you begin. Once you have it in an iris bed you will curse the day you read this column. Out will come your best Starshine, out on to the bonfire or on the list of free gifts to acquaintances, not friends. But it is from such impatient chucking-out that the prudent reader's best iris-beds, cleaned and horizontally planted, will be formed.

Picatina good each-way bet to win Royal Hunt Cup

RACING

BY DOMINIC WIGAN

THAT ANNUAL stampede the Royal Hunt Cup looks as difficult as ever this afternoon, but I do not want to try to dissuade anyone from taking an each-way interest in Picatina.

This Newmarket-trained filly, for whom William Hastings-Bass has secured the services of Sailcloth's Manchester Handicap rider Taffy Thomas, could be the solitary blot on the handicap with bottom weight of 7 st 7 lb.

On her only previous appearance this term, Picatina, a bay daughter of that highly successful young sire Welsh Pageant did well to get the better of Prince Gabriel in an apprentice handicap at Sandown, in spite of looking just short of peak fitness.

If, as I believe, Picatina is now all the better for that outing, she is certain to give a good account of herself.

In taking her to recoup a large slice of the 22,000 guineas paid for her in the Newmarket December sales last autumn, I expect another Newmarket representative, Greenhill God—the subject of a prolonged ante-post run—to be the chief danger.

Whatever his fate in the centre piece with Picatina, Hastings-Bass could get off the mark in this, his first Royal Ascot as a trainer with runners, through Greenland Park.

Last month at Doncaster, this Red God filly justified a much-vaunted home reputation and some sizeable bets with a three-lengths success over Thorganby Victory.

In the belief that she is a considerably smarter two-year-old than that result suggests, I regard Greenland Park as one of the best each-way bets of the meeting at odds of about 10 to 1.

There is a good deal of Irish confidence in Paddy Prendergast's stayer Irish Riddle in the Queen's Vase, but I go along with Mr. Carlo d'Alessio's Le Moss, who could be an extremely talented stayer in the making.

ROYAL ASCOT

2.30—Cosmopolitan
3.05—Greenland Park***
3.45—Picatina*
4.20—Sofala
4.55—Le Moss**
5.30—Limone

Nobel cash gift for LSE

PROFESSOR JAMES MEADE, joint winner of the 1977 Nobel Prize for Economics has given £10,000 of his prize money to the London School of Economics and Political Science.

The prize was awarded to Professor Meade for work which he did at the school, where he was Professor of Commerce with special reference to international trade from 1947 to 1957, before taking up a chair at Cambridge.

Port seeks aid

THE GOVERNMENT has been asked to spend £4.5m on reviving the port of Sunderland, by councillors on Wearside who fear that the port might have to close.

Gas safety

BRITISH GAS has published basic gas safety advice leaflets in five Asian languages: Hindi, Gujarati, Bengali, Urdu and Punjabi. The leaflet is already available in English and Welsh.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 am Open University. 10.55 Cricket: Benson and Hedges Cup semi-finals. 1.15 pm News. 1.30 Bagpuss. 1.45 Interval. 1.50 Tennis/Royal Ascot/Cricket. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Deputy Dawg. 4.50 Newsround Weekly. 5.15 Regional News (except London and South-East).

5.20 News.
5.30 World Cup Grandstand: Austria v West Germany.
7.35 Morecambe and Wise Show (BBC prize-winning artists and shows).
8.20 "Ice Station Zebra," starring Rock Hudson.
10.40 News Headlines.
10.45 World Cup Grandstand: Peru v Argentina.
1.00 am Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—4.50 pm Bilidowcar. 5.15-5.20 Wales Today. 1.00 am News and Weather for Wales.

Scotland—5.15-5.20 pm Scottish News. 1.00 am News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.15-5.20 Northern Ireland News. 1.00 am News and Weather for Northern Ireland.

England—5.15-5.20 pm Paddington (London and South-East only).

BBC 2

6.40 am Open University.
10.35 Gharbar.
11.00 Play School.
2.00 pm Royal Ascot.
4.30 Cricket and Tennis: Benson and Hedges Cup semi-finals, and Colgate Women's Tennis Tournament.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 "The Private Life of the Fox," narrated by Jeffery Boswall.
7.30 News on 2.
7.35 Spaceships of the Mind.
8.25 Mr. Magoo.
8.30 Call My Bluff.
9.00 News.
9.25 Brensham People.
10.15 Cricket: Benson and Hedges Cup (highlights).
10.45 Late News on 2.
10.55 "John and Mary," starring Dustin Hoffman and Mia Farrow.

BBC 2 Wales only—7.05-7.30 pm Heddiw.

LONDON

9.30 am Canada—Five Portraits. 10.20 Battle for the Bulge. †11.00 The Saint. 2.00 Here Comes Mumfie. 12.10 pm Rainbow. 12.30 News plus FT index. 12.55 Help! 1.00 Sounds of Britain. 1.30 Crown Court. 2.00 After Noon. 2.25 General Hospital. 3.20 Disappearing World. 4.20 Michael Bentine's Potty Time. 4.45 The Remarkable Rocket.

5.15 News.
5.30 World Cup: Holland v Italy.
7.45 Coronation Street.
8.15 World Cup: Brazil v Poland.
10.45 News.
11.15 The Sweeney.
12.15 am Close: A painting by Constable with music by Elgar.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am The Road to Greengables. 10.45 A Painter in his Time. 11.00 In Concert. 11.35 Ebbtide from Coldham Hall. 12.55 pm Anglia News. 2.00 Houseparty. 4.45 About Anglia. 12.15 am The Big Question.

ATV

10.25 am Anglina Today. 10.50 Banacek. 12.50 pm ATV Newsdesk. 3.20 Mr. and Mrs. 3.50 The Sullivans. 4.45 ATV Today. 11.15 Rafferty.

BORDER

9.30 am Survival. 9.50 Certain Women. 10.45 A Painter in his Time. 11.00 In Concert with Darts. 11.35 Ebbtide from Coldham Hall. †12.50 pm Border News. 2.00 Houseparty. 3.20 The Royal Highland Show. 3.50 Quick on the Draw. †12.15 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 4.45 Valley of the Dinosaurs. 6.30 Channel News. 12.15 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.50 am First Thing. 9.55 Galloping Gourmet. 10.20 Wild Country. 10.40 A Painter of his Time. 11.05 In Concert with Darts. 11.35 Ebb Tide from Coldham Hall. 12.50 pm Grampian News headlines. 3.20 Royal Highland Show. 3.50 Quick on the Draw. 4.45 Grampian Today. 5.10 Police Newsroom. 12.15 am Reflections. 12.20 Grampian Late Night headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Rangers. 11.35 Fantastic Voyage. 12.50 pm This Is Your Right. 4.45 What's New Special with John Huntley. 5.10 Granada News.

HTV

†9.40 am "Conquest of the Air" starring Laurence Olivier. 10.40 A Painter in her Time. 11.15 In Concert with Darts. 11.30 Ebbtide at Coldham Hall. 12.50 pm Report West headlines. 12.55 Report Wales headlines. 2.00 Houseparty. 4.45 Beachcombers. 7.45 Report West. 8.00 Report Wales.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion Y Dydd. 4.20 Y Dair Cwningen. 4.30-4.45 Un Tro. 7.45-8.00 Y Dydd.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West headlines. 8.00-8.15 Report West.

SCOTTISH

9.58 am Castleguard Cave. 10.45 Southern Report. 11.10 Ceremonies of the Tower of London. 11.35 Ebbtide from Coldham Hall. 12.50 pm News and Road Report. 2.00 Women Only. 3.20 The Royal Highland Show. 3.50 Quick on the Draw. 4.45 Scotland Today. 7.45 Hello. Good Evening, Welcome. 11.15 Late Call. 11.20 Pro-Celebrity Snooker. 12.05 am Love American Style.

SOUTHERN

9.30 am David Niven's World. 9.55 The Nature of Things. 10.45 A Painter in His Time. 11.10 In Concert with Darts. 11.35 Ebbtide from Coldham Hall. 12.50 pm Southern News. 2.00 Houseparty. 4.45 Day by Day. 12.15 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News headlines. 9.30 Big Blue Marble. 9.55 The Widest Beach in the World. 10.40 The Painter in his Time. 11.05 In Concert with Darts. 11.30 Ebbtide from Coldham Hall. 12.50 pm North East News and Lookaround. 2.00 Women Only. 4.45 Northern Life. 12.15 am Epilogue.

ULSTER

10.45 am Southern Report. 11.10 In Concert. 11.35 Ebb Tide from Coldham Hall. 12.50 pm Lunchtime. 4.18 Ulster News headlines. 4.45 Let's Look at Ulster. 5.05 Reports. 12.15 am Bedtime.

WESTWARD

9.55 am George Hamilton IV. 10.20 Here Comes the Future. 10.40 Southern Report. 11.05 Jazz Concert. 11.35 Ebbtide from Coldham Hall. 12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News headlines. 4.45 Westward Diary. 11.13 Westward Late News. 12.10 am Faith for Life.

YORKSHIRE

9.30 am Choirs of the World. 9.55 They Own the Sky. 10.20 The Outsiders. 11.10 World Leaders: Stalin—Man of Steel. 12.50 pm Calendar News. 4.45 Calendar.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 John Timpson (S) including 12.02 pm Cricket—The Benson and Hedges Cup semi-finals. 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.02 Cricket and 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 Sports Desk and Racing from Royal Ascot. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.33 World Cup Special: Italy v Holland. 7.33 Listen to the Band (S). 8.15 Semprini Serenade (S). 9.02 Jack Buchanan. The Complete Entertainer, part 2: With Charlot on Broadway. 9.55 Sports Desk. 10.02 The Cheeky Chappie: Two-part profile of Max Miller, part 1: The Early Years. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 World Cup Report. 11.15 Peter Clayton introduces Round Midnight, including 12.00 News. 12.05 am World Cup Special: Argentina v Peru. 1.00 Peter Clayton with Round Midnight. 2.00-2.02 News Summary.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Cherubini (S). 10.00 Organ Music (S). 10.40 Bach violin recital (S). 11.15 Women as Composers (S). 12.05 pm Rachmaninov and Debussy concert (S). 1.00 News. 1.05 Concert Hall (S). 2.05 Finnish Radio Chamber Choir, part 1 (S). 2.50 Interval Reading. 2.55 Concert, part 2. 4.00 Bach: Six Suites for Cello (S). 4.50 Building a Library of records (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Communication. 7.30 "Luisa Miller," tragic melodrama in three Acts, music by Verdi. Act 1 (S). 8.30 The Arts Worldwide. 8.50 "Luisa Miller" Act 2 (S). 9.35 Gladstone at the Threshold (talk by Stephen Koss). 9.55 "Luisa Miller," Act 3 (S). 10.40 Berlioz: A Flawed Master? (talk by Martin Cooper) (S). 11.25 Francis Chapelet organ recital (S). 11.35 News. 11.40-11.45 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued) including Thought for the Day. 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Over Here, Over There. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Conversation Piece: Daniel Barenboim, pianist and conductor, talks about his life and work. 11.50 Do Animals Talk? 12.00 News. 12.02 pm You and Yours. 12.27 The Spamfritter Man (S). 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 The Roof of Wales. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Nye: A look back on the life of Aneurin Bevan, founder of the National Health Service. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Frank Muir Goes into . . . Criticism. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.00-6.30 am Thursday the Shortest Night Show: Your calls, music, dedications and competitions, including 22.00 Question Time from the House of Commons.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 o'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Bryn Jones. 1.00 am Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Mike Smith's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,698

ACROSS

1 Illuminate mentally and physically (5, 5, 4)
10 Tapestry that could be partly embarrassing (5)
11 Fish with one insect? It's clever! (9)
12 Source of scrolls arranged as a deed (4, 3)
13 One who scoffs at any French jockey (7)
14 Share with us narcotic fruit (5)
16 In foreign money I have interest (9)
19 Thief gets nothing in headlong fall outside (9)
20 What occurs when woman gets wrong book (5)
22 Chap admits member in clothing (7)
25 Pipe while going round thoroughfare (7)
27 Wrongly made a ruse to mete out (9)
28 Lawful part of public itinerary (5)
29 Gradually giving Eric's alternative title (6, 2, 6)

DOWN

2 Following this in a future state (9)
3 Duck a little sister in a deserted spot (5)
4 Balance I ran incorrectly for a bookkeeper (9)
5 Work by a crank gives smile to deputy leader (5)
6 Disposition to allow a permissible range of variation (9)
7 Spent about a pound for Scottish cloth (5)
8 Hazel creating utter upset in the north-east (3-4)
9 Wood for light shoes? (6)
15 Defensive batting producing a boundary (9)
17 Acrobatic turn seen on the farm (9)
18 Mixture laced in it just the same (9)
19 Hair at back of animal (7)
21 Agreement to try and dine inside (6)
23 Send money for right and wrong item (5)
24 Signal for a lift from decrepit Humber (5)
26 Opening in bad service I left in net (5)

SOLUTION TO PUZZLE No. 3,697

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161.
LONDON FESTIVAL BALLET
Ton't. 7.30 Conservatorie, Giselle. Tomor. & Fri. 7.30. Sat. 3 & 7.30. Sanguine Fan, La Chatte, Etudes. 96 balcony seats always available from 10 am day of perf.
NUREYEV FESTIVAL
June 26 to July 8 with London Festival Ballet all seats sold (except mats. July 5 & 8). July 10 to 15 Nureyev with Dutch National Ballet seats available.

COVENT GARDEN cc 240 1066 (Gardencharge credit cards 836 6903).
THE ROYAL OPERA
Tonight, Sat. & Tue next at 7.30: Luisa Miller. Tomor. at 7.30: Madama Butterfly. Fri. at 7.30: Falstaff. 65 Amphi' seats avail for all perfs. from 10 a.m. on day of perf. Note: Personal/Tel. bkgs. for July Ballet opens July 1 & not June 1.

GLYNDEBOURNE FESTIVAL OPERA until Aug. 7 with the London Philharmonic Orchestra. Tonight & Sat. at 6.15: La Boheme. Fri. & Sun. at 5.30: Die Zauberflote. Possible returns only. Box office Glyndebourne, Lewes, E. Sussex (0273 812411).

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Until July 1. Evgs. 7.30 Mat. Sat. 2.30. First time in London Manolita and Rafael Aguiler's
FIESTA DE ESPANA
Spanish folk and flamenco.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sats. 4.0.
IRENE
THE BEST MUSICAL
of 1976, 1977 and 1978
IRENE
"LONDON'S BEST NIGHT OUT."
Sunday People.
ALREADY SEEN BY OVER ONE MILLION HAPPY THEATREGOERS.
CREDIT CARD BOOKING 01-836 7611.

ALBERY. 836 3878. Party Rates. Credit card bkgs. 836 1971-3 from 8.30 a.m.-8.30 p.m. Mon., Tues., Wed. and Fri. 7.45 p.m. Thurs. and Sat. 4.30 and 8.0. "A THOUSAND TIMES WELCOME IS LIONEL BART'S
OLIVER!
"MIRACULOUS MUSICAL." Fin. Times. with ROY HUDD and JOAN TURNER. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Daily Mirror.

ALDWYCH 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30 Strindberg's THE DANCE OF DEATH "emerges as a wonderful piece of work." Times. With Shakespeare's CORIOLANUS (next

[illegible]

MARBLE ARCH. (723 2011-2). CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Mon.-Fri. open 2.15, 7.30. All seats bkble. in advance.

PRINCE CHARLES, Leic. Sq. 437 8181.
MEL BROOKS
HIGH ANXIETY (A)
Sep. perfs. dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show Fri. & Sat. 11.45. Seats bkble. Lic'd Bar.

FINANCIAL TIMES SURVEY

Wednesday, June 21 1978

CALIFORNIA

Besides its acknowledged economic eminence among the States of the Union, California has often given the lead to American society in other fields. Its citizens' revolt against property taxes may prove yet another instance of this particular flair.

Trend setting once again

By Jurek Martin
U.S. Editor

JUST WHEN it seems that the rest of the U.S. has conveniently forgotten about its western flank, California has a habit of bringing both its existence and its precience to the public eye. Thus it was that earlier this month the State which has given the country over the last generation the free speech, anti-war and leisure movements, ecologists and flower children, earthquakes and drought, Charles Manson and Patty Hearst, Jerry Brown, Ronald Reagan and Cesar Chavez in sometimes bewildering profusion did it again. California, so its electorate decreed in a State-wide referendum, is the home of the middle-class tax payers' revolt and the rest of the U.S. is confidently expected to pick up the banner.

The basic question begged by this extraordinary assertion of democracy in action is whether California has taken off on one of its weird tangents or whether it reflected a sense of maturity and a desire for order. Persuasive arguments can be made on both sides of the issue. The principal architects of the taxpayers' rebellion came from the southern conservative heartland and they seem to have gained an ascendancy on the State's political and social stage. Four years ago California seemed to be swinging to the left; the last elections in 1976 were less conclusive. The political pendulum may therefore yet move back in the other direction.

But in economic terms the evidence is that California, the most populous State in the union and one whose attractions are once more luring over 300,000 settlers a year inside its boundaries, has genuinely matured. It still experiences deeper recessionary valleys and higher prosperous peaks than most, but with a gross State product currently running at an annual rate of about \$230bn — exceeded only by about half-a-dozen nations in the rest of the world — it is hardly the vulnerable fledgling it once was.

At present California is prospering. With the aerospace industry out of its doldrums and with winter rains and snows banishing the fear of a critical third year of agricultural drought, all forecasts suggest that the State will outperform the rest of the nation. California because of its large influx of population, traditionally carries an unemployment rate above the national average, though the current spread (7.8 per cent versus 6.1 per cent) is a little wide for the comfort of some economists. It is, however, well under the 10 per cent level reached in the 1974-75 recession.

Housing construction, which has soared over the last couple of years, is also expected to slow down somewhat this year. But that negative impact is more than overshadowed by the anticipated surge in private capital investment (the State's supposed "anti-business" climate notwithstanding), consequent decent expansion of the job market, reasonable growth in consumer spending, and the sharp advance in the State's international trade, which has been a major factor in sustaining recovery since the 1974-75 recession.

It is also clear that the attitude of the State Government towards the private sector has changed appreciably over the last year. No matter how distasteful a politician he may be to many corporate executives, Governor Brown has shown a new sensitivity to commercial needs, with particular focus on the imperative of attracting both domestic and foreign capital investment to California to expand the State's already diverse and highly sophisticated industrial and services base.

Volumes

California's banking sector alone speaks volumes for its attractions. When I first lived in San Francisco in the mid-sixties, there was almost a sense of uniqueness about using the old Barclays DCO office. Today the financial districts of both Los Angeles and San Francisco are literally stuffed to the gills with foreign banks serving both domestic consumer needs and capitalising on international trading opportunities.

And business is doing well in California. A survey of 87 of the largest State-based corporations issued earlier this month by the United California Bank showed profits up 11 per cent in the first quarter of this year compared with the corresponding period a year ago. This is nearly double the national average increase—and no mere freak either. Dr. Raymond Jallow, the bank's chief economist, points out that over the last year Californian businesses have earned twice as much as companies elsewhere and he predicts that this performance will continue.

It might therefore seem surprising against this background of indisputable good times that the State's middle class should rise up and say "enough" to property tax increases, and demand cuts in public spending. After all, this is a State whose median family income is approaching \$20,000 per annum, or about 13 per cent more than the national average, and whose citizens has over the years become accustomed to social services generally superior to that found elsewhere in the country.

But property taxes cut deep into the middle-class soul, as much in California as in any city or county in Britain. Apart from Alaska, a specal case in its own right, California is the most highly taxed State in the country and matters appeared to be getting worse rather than better. Homeowners were repeatedly receiving notices that their property taxes were being doubled, or often more, at a time when they could not help but notice that the State Government, as frugal under Governor Brown as it had been under Ronald Reagan, was accumulating a \$5bn budgetary surplus.

Combine appreciation of this anomaly with a deep middle-class prejudice against those obtaining welfare benefits and the seeds of the rebellion are sown. In reality they had been lying dormant for some time. For Governor Reagan had spent eight years in office regularly inveighing against those who could work but chose instead to avail themselves of welfare.

It is a fair criticism of Governor Brown that he might have anticipated the rebellion by seeking to put the surplus to work to defray the tax burden. As it now stands, he is charged with the even worse task of presiding over deep cuts in public services in order, as he puts it, to meet "the will of the people." It will be an exercise that the rest of the country—not to mention a fascinated economics profession—will watch with minute interest.

The tolerance of an affluent populace to reductions in services it has come to expect is an unknown factor. So too is the extent to which economic activity will be stimulated by tax cuts on both individuals and companies in the absence of other special circumstances.

California has thus become once again the test tube of the nation. Suddenly the great traditional issues that have always turned the national eye westwards—the beauty of San Francisco, the smog of Los Angeles, the North-South divisions, the wonderful diversity of its geography, its fads and social and political unrest—have been overtaken by hard economics. It only goes to prove the point that Californians have been making for ages—that as goes California so does the rest of the country in time.

Environmentalist challenge

IN COMMON with other regions of the U.S. California is suffering from what many economists believe is an inadequate level of capital investment to maintain growth and high levels of employment.

In part this reflects the pace at which the service sector of the Californian economy has expanded. But since 1975, following the first few months of Governor Jerry Brown's accession to office, an incessant theme of many of his critics in the business community has been that political conditions which he has fostered in the State have contributed to the creation of an anti-business climate.

This, it is argued, is discouraging companies from outside the State to site new facilities in California and encouraging some of those already there to locate new plants elsewhere.

Thus Mr. Carl Hartnack, vice-chairman of the third largest bank in California, Security Pacific, says that he first became concerned about the business climate shortly after Mr. Brown was elected, mainly because of his approach to appointments in some of the State's principal commissions and agencies. He says that the deterioration in the business climate in the State has impeded economic growth, making it harder to do business. But he shares a common view that it is difficult for corporations to ignore a State with such a strong and diverse economy.

Fuelled

The controversy has been fuelled by a report by a well known industrial location consultancy firm, Fantus, which claimed that in terms of business climate California ranked 47th of the 48 continental States, just above New York. Some economists challenge this sort of ranking as too dependent on subjective judgments while other critics of the report—including, for example, Mr. Carl Pope of the Sierra Club (an influential environmentalist group) — defend Governor Brown by arguing that the Fantus report was prepared while Mr. Brown's predecessor Mr. Ronald Reagan was in office.

Mr. Pope also maintains that whereas it is the State's environmental regulations which have attracted most of the blame for contributing to the alleged anti-business climate, other factors are presenting business with significant problems.

There is undoubtedly some truth in this claim. Californians have ranked among the most heavily taxed citizens of any State in the union, and this helps to explain the enthusiasm with which they have voted for even the crude form of property tax reforms—and reductions—enshrined in Proposition 13.

Business too has been vociferous in its complaints about taxation levels, in particular the State's tax on stocks and its unitary tax system which together pulled in about $500m last year.

The unitary tax system, which allows the State to tax a proportion of the 'profits an international corporation earns worldwide to the extent that they can be related to its activities in the State is under particularly strong attack. A new tax treaty with Britain currently going through Congress in Washington could, if approved, provoke a change in the Californian unitary tax system.

There are other factors allegedly creating serious problems for business in the state—among them the strength of trade unionism, especially in comparison with some of California's Sun Belt rivals in the South, and the phenomenal rise in house prices in California. The latter, it is claimed, is creating a formidable barrier for companies recruiting executives from outside the State.

An industry-based research group in California, the Real Estate Research Council, has estimated that at $83,000 the average single family house in the State costs fully $27,000 more than the national average. Even wealthy executives from the better heeled suburbs of cities like New York find the price of houses in California in middle-class neighbourhoods forbidding. On the other hand immigration has picked up over the past three years.

But when all these factors are taken into account the fundamental complaint most frequently voiced is that the State is suffering from over-zealous implementation of what are in any case some of the most restrictive environmentalist laws in the country and that to a considerable extent the blame for this goes back to Governor Brown.

Whatever the value judgment one makes on the wisdom of the State's environmental laws there is little doubt that the election of Mr. Brown, a man recognised as sympathetic to environmental concerns and critical of economic growth as a social goal, came as a boost for the environmental lobbyists. His election also testified to the sympathy of the Californian voter towards environmental causes.

No doubt this sentiment is in part based on the natural beauty of the State. But it must also reflect the fact that in its relative affluence and the absence of some of the more heavily pollutant basic industries, California has not been faced with the hardest choices between employment and the environment. Very often the diversity of its economy has also helped the State sidestep tough environmental choices.

In the wake of his election business leaders became concerned as they watched Governor Brown appointing several key figures from the environmentalist lobby to senior positions in the State bureaucracy. The Sierra Club has termed these appointments as "refreshingly free from the usual pattern of industry domination."

They included, for example, the selection of Mr. Clair Dedrick, a vice-president of the Sierra Club, to be Secretary of Resources (a position akin to the U.S. Interior Secretary's post in Washington) and the appointment of another recognised conservationist, Mr. Ron Robie as Director of the Department of Water Resources — a potentially critical appointment in a State with California's water problems and giant agricultural sector—and the Governor's decision to reshape the State Energy Commission to include a bigger number of conservationist sympathisers.

It is in the energy area that the power of the environmentalist forces has been most effective. Although a referendum in 1976 to block nuclear power developments was voted down, a legislative compromise designed to defuse the issue has nevertheless prevented planned new nuclear facilities from coming forward for development. Thus the Sundesert nuclear power plant to be built by San Diego Gas and Electric is currently blocked and Mr. Pope maintains that it is highly unlikely that any new nuclear facilities will be approved in the next five years.

Battle

At the same time a controversy over the siting of a new facility for the import of liquified natural gas is threatening plans to increase the State's lng imports, and the controversy over Standard Oil of Ohio's proposals to refurbish a gas pipeline to carry Alaskan crude from Long Beach to Texas has contributed to a 500,000 barrel-a-day oil surplus in California. Some energy experts maintain that the crude surplus is encouraging Californians—wrongly, in their view—to misjudge the potential energy problems in store for the State, especially in the light of the difficulties of developing other power sources.

More generally, the three-year battle which Sohio—the British Petroleum subsidiary in the U.S.—has had in getting approval for a tanker facility and pipeline is cited as yet another example of obstructionist moves by environmental interests. Some have charged that Mr. Tom Quinn, a former campaign manager for Mr. Brown, who was appointed as head of the State's Air Resources Board, has been using his post to further political ambitions. Mr. Quinn's supporters say that he is simply enforcing correctly the State's tough air quality laws. Whatever the rights and wrongs of the argument, it has taken three years for Sohio to get so close to approval for its plans and observers still disagree on how much longer the company will have to wait.

These are just some of the issues which have contributed to claims that the State is creating an anti-business climate. Another is on the horizon in the shape of an announcement by Kaiser Steel that air quality regulations could force it to close its Fontana works at a cost of 8,500 jobs.

But it would be a mistake to believe that the environmentalist lobbies have had things all their own way. A turning point of sorts came early in 1977 with the announcement by Dow Chemical that it was dropping a proposal to build a new $500m chemical plant in the State, saying that the protracted permitting process—in four years it had received only four of the 65 permits needed—was a major factor in its decision.

It was in the wake of this announcement that business concern mounted and business and labour groups in California combined in an effort to bring political pressure to bear to try and shift the balance against the environmental groups. Just how effective that alliance has been remains uncertain. On the one hand there has been no mistaking the more moderate rhetoric from Governor Brown, who has been reported as complaining about the lack of energy among the environmentalist lobbies. There has also been some moves in the Legislature towards speeding up the permitting process for new developments.

Mr. Pope of the Sierra Club maintains, however, that environmentalist groups in the State have been moderate in their attitudes, partly because they feel they have a sympathetic administration to deal with, while on the other side businessmen are still unhappy with the appointment of people sympathetic to the conservationist point of view to key positions in the State administration.

Even a change in this situation, however, would not necessarily lead to an easier climate for business on environmental issues since, as Mr. Pope points out, such a shift would probably encourage environmentalist groups to pursue their aims through the courts in a more obstructionist way and to be even less accommodating.

For the time being, therefore, it is hard to imagine a really fundamental anti-environmental backlash in the State since a pre-condition would seem to be a weakening of grass roots support among the voters for environmental issues. Until it can be demonstrated convincingly that environmental concerns are costing existing jobs and not just threatening new ones at a time when unemployment is hurting the State badly it is hard to see voter support for environmental issues being severely weakened.

So with the Californian economy performing strongly business may have to be satisfied with the shift in the climate in the State which has taken place since the Dow Chemical decision and continue to fight each issue on its individual merits. They may also have to worry about the threat of increased business taxation to compensate for the revenue losses which local government will have to absorb in some form in the aftermath of the passage of Proposition 13.

Stewart Fleming

The young Governor's charisma

OVER THE past ten years and more two men, Mr. Ronald Reagan and Mr. Edmund G. ("Jerry") Brown Jnr., have ruled the Californian political roost. The former, the conservative Governor from 1966 to 1974, is still active and still very much contemplating either another bid for the Presidency two years from now or at least a decisive say over whom the national Republican Party nominates for the post. But for the moment it is Jerry Brown, the incumbent Governor, who holds centre stage, with both the local and national audience endlessly weighing his future.

Californians appear to enjoy an ever-changing love-hate relationship with their young Governor which at present is going through what might be described as an alienation phase. There are elements in Jerry Brown which seem the stuff of anti-politics — the intellectual arrogance (perhaps reflecting his Jesuit seminarian background) the asceticism and even the mild eccentricities such as his preference for a spartan personal life-style — and elements which are purely conventional and which bespeak the influence of his father, the two-term Governor from 1958 to 1966 who knew more about smoke-filled backrooms than any other contemporary Californian politician.

When Brown the younger first ran for Governor four years ago, two years after the Democratic Party had suffered its national debacle under George McGovern's Presidential candidacy, he was already being picked as future Presidential material. Yet despite all the predictions and expectations he was only able to scrape the narrowest of electoral victories over a colourless Republican opponent who has since disappeared into the obscurity from which he had briefly emerged. But paradoxically, Jerry Brown converted his meagre mandate into an instant hugely personal popular following. California, a State which loves style almost to a fault, adored its new young leader.

Primaries

It seemed fleetingly in 1976 that the national electorate might be similarly receptive. He entered half-a-dozen late primaries, put to the sword all whom he faced, including Jimmy Carter, and wound up by winning two-thirds of the vote in his own State primary. The effect was, of course, too late to derail the Carter bandwagon, but all the political seers nodded and noted that, if he chose, 1980 or 1984 could see the real coming of Jerry Brown.

Less than a year ago the portents looked better still. President Carter's standing in the polls was beginning to slip while the Californian surveys showed the Governor retaining his massive popularity. The assumption was that Jerry Brown would win re-election by a landslide in 1978 and use that as a springboard for a movement on to the national scene.

Today, according to the same polls, Governor Brown is at best a marginal favourite to hold on to his office in November. The most frequently cited reason for the sudden decline is his opposition to Proposition 13, the tax-cutting referendum which overwhelmingly carried the State in this month's primaries. This is probably true, though the Governor is enough of the quick-footed opportunist to be already seeking to turn the popular sentiment expressed in the property tax vote to his own advantage.

It should also be noted that the June elections were essentially a Republican affair, the State opposition party having plenty to decide on its ballots, while the Democrats, with the Governor essentially unopposed in his primary, were largely quiescent. This may have distorted local opinion polls. But at the same time as his State popularity was falling off, the national polls came up with disturbing signs. These were that even Jimmy Carter, according to these same and possibly suspect findings, would beat Jerry Brown by two to one among American Democrats, although he trailed the likes of Edward Kennedy, the Massachussetts Senator, appreciably and might not even be able to overcome such stalwart and ageing Republicans as former President Ford and Ronald Reagan.

Californian Republicans claim that the bloom was off Jerry Brown's rose well before Proposition 13 dwarfed all other electoral considerations this summer. All four candidates for the Republican gubernatorial primary election predicted their initial campaigns on the then surprising assumption that Jerry Brown would be vulnerable in November. Ken Maddy, a personable young State Assemblyman of moderate persuasions, was the earliest—and initially least known—advocate of this view and was showing surprising strength in the polls before he was swamped by his opposition to proposition 13.

The ultimate winner of the Republican contest, State Attorney General Evelle Younger, the highest ranking party office holder in California, adopted an ambiguous stance on the property tax initiative, offering it guarded support while refusing to argue publicly for it But he was quick to say that he would, in his official capacity, enforce the will of the people.

Mr. Younger's victory at the polls earlier this month probably owed most to the fact that he was perceived as the man most likely to beat Jerry Brown in November. For all his dourness, he can claim administrative experience and political moderation as his main assets. It was lack of the latter quality in particular which proved the undoing of former Los Angeles police chief Ed Davis, the darling of the Orange County Right wing, whom Mr. Brown would clearly most liked to have faced in the general election.

In a sense Mr. Younger has Mr. Brown where he wants him. State attention will for the next five months be firmly fixed on how the Governor carries out the budget austerities forced on the State by the Proposition 13 vote. The main Republican criticism of Jerry Brown is that he is all style and no substance and the hope is that the task in front of him will demonstrate his purported deficiencies.

Defying

In addition, the hope is that if he presides over cuts in essential public services, he will reap the inevitable opprobrium. If he does not, he can be accused of defying the will of the electorate for leaner government (an irony since the Governor is the arch disciple of lean government and has accumulated a $5bn surplus in the current fiscal year).

There may be other issues which spell trouble ahead for Governor Brown. The most obvious is another referendum which will be on the November ballot, the so-called Briggs initiative which would have the effect of excluding known homosexuals from teaching in the State school system.

This proposal appears to go much further than other anti-gay proposals that have cropped up across the country in recent months. These in general have confined themselves to striking out anti-discriminatory byelaws in assorted municipalities. Given the prevailing mood of the country the Briggs amendment may well pass, in spite of California's known tolerance towards homosexuals. The Governor is certain to oppose it with good reason given its patent inequity but may well lose votes in consequence.

But it would be most unwise to write off Jerry Brown's re-election chances at this early stage. He has already moved to turn the spirit of the tax-cutting referendum to his own advantage and, bearing in mind his mastery of public relations, it is within his capacity to emerge as its leader. Moreover, in spite of his reputed lack of competence in managerial matters, his administration of California has coincided with a considerable revival in state prosperity, for which he may fairly claim some credit.

After all, registered Democrats do substantially outnumber Republicans in the state, and Mr. Brown, by far the most popular state Democrat since his father, has hardly begun to rally his troops. When he turns his talents in that direction, then the contrast with Mr. Younger will be perceived as stark. If nothing else, it will be an intriguing exercise in the political art and a test of the staying power of a charismatic young leader. The outcome could yet have national implications.

Jurek Martin

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Banking sector in robust health

CALIFORNIA IS second only to New York in the size and scope of its commercial banking sector—and in terms of profitability its bankers would argue that it is now second to nobody.

Such a claim was reinforced last year—at least symbolically—when after five years during which the State's and the world's largest bank, Bank of America, had lagged behind its arch-rival Citicorp in terms of profits, B of A recovered the lead. On its balance sheet assets of $82bn the bank reported net income before securities transactions of $395m. Citicorp's net slumped to $331m on assets of $77bn.

But it is not just Bank of America's performance last year which backs up the argument. While New York's banks have been plagued for three years with a multitude of problems ranging from property loan losses and fears about the security of their international loans to weak retail banking operations and slack commercial and industrial loan demand, California's major banks have either avoided the worst of these difficulties or—in the case of retail banking—had a much healthier experience.

Thus the main Californian banks have been able to report much better earnings growth than their New York rivals over the past five years. The five largest banks in the state all rank in the top 15 in the country in terms of size and among the leaders in terms of earnings growth.

A study by New York investment bankers Salomon Brothers, for example, suggests that the San Francisco-based Wells Fargo is in terms of earnings the fastest growing of the top 30 U.S. banks, with a compound growth rate of 18.6 per cent over the past five years.

Bank of America comes out second with a rate of 15.9 per cent. Citicorp lags some way behind this at 10.6 per cent. Western Bankcorp, Security Pacific and Crocker National have all reported earnings growth of 12 per cent or more compound during this period.

The major Californian banks have generally had rather better loan loss experience during this period than most of their New York rivals. Indeed for most of the period they have had better experience than the average for the 30 largest U.S. banks.

The managers who head these institutions would no doubt be delighted to be told that wisdom and not luck has been the driving force behind their success—a success which has made the banks tougher competitors for their New York rivals. But one has to conclude that at best it is a combination of good fortune and conservative—and therefore sound—judgment which is responsible.

For California's banks have been operating in a much more favourable environment domestically in terms of the growth and structure of the regional economy.

Depending on whose measurements you accept, the Californian economy alone is somewhere between the sixth and eighth largest in the world, with an annual output worth around $250bn, putting it just below Britain. Its 22m population less than half Britain's which suggests that on this crude measure of affluence its citizens have at least double Britain's per capita income.

The economy of the State has also been growing more rapidly than the rest of the U.S. In spite of an above average unemployment rate currently running around 7.5 per cent, it has been creating new jobs faster—at a 5 per cent base last year (about 450,000)—compared with the national average of 3.5 per cent, and shows a higher than average growth of personal income in recent years.

Branches

All of these factors will have contributed to the growth of the State's 224 banks, which have around 4,000 branches and at end-1977 logged domestic deposits of $85bn ($55bn in time or savings deposits) and domestic loans of $64bn.

The buoyancy of the Californian economy, particularly over the past two years, has been only one general factor behind the banks' performance. More important has been the structure of economy, which has helped to insulate the State's banks from some of the problems encountered by the big banks in New York.

In spite of their size the big Californian banks have been operating in an environment which has more in common with the conditions that have boosted profitability among smaller regional banks than with the New York City situation.

Thus although California's banks experienced a modest decline in commercial and industrial lending during the 1974-75 recession it was nothing compared with the set-backs suffered by New York's banks. By the end of last year commercial and industrial loan volume was back to a record level (at least in money terms). In part this reflects the less mature state of the Californian economy, which contains a greater proportion of smaller firms which still need bank finance and unlike the giant multi-nationals, cannot turn to the commercial paper market for short-term credit or to the public bond market for long-term borrowing.

In addition to being shielded from the worst of the recession in demand for commercial and industrial loans, California's banks have enjoyed a buoyant market elsewhere. Consumer credit, for example, rose by $5.3bn to $18bn in the three years to end-1977. More important, however, was the $7.2bn increase to $23.8bn in property loans over the same period.

This increase meant that for the first time for over a decade property lending, the bulk of which is for mortgages for home purchases, exceeded business loans among California's banks.

This trend has undoubtedly heightened competition between the State's commercial banks and the giant savings and loan industry in the State, which has mortgage loans of $70bn outstanding and is the biggest S and L industry in any State. Both groups of financial institutions are eyeing each other warily as the competition not only in home loans but also in providing wider services for depositors intensifies.

The big commercial banks are also watching carefully, fearing that unless they are careful in exploiting the market for home loans they could create a speculative bubble whose collapse could have damaging repercussions not only on their loan portfolios but also on the State economy.

Last year, sensing this danger, several banks including Bank of America and Wells Fargo tightened up their lending criteria to try and take some of the speculative fever out of the market. Bankers in the State express greater confidence about the housing market now but some economists remain uneasy about the phenomenal rise in prices.

To some extent the bankers' confidence stems from improvements in their own internal management, with greater attention paid to the spread between interest rate-sensitive funds and loans. The banks, led by Bank of America, are also developing new forms of security for packaging and selling to other financial institutions the home loan business they generate, thus improving their cash flow and, they hope, avoiding a credit crunch.

While they have been innovative in this area most of the big banks with the exception of Crocker National have been cautious in their approach to the introduction of electronic funds transfer systems for their customers' use. Only Crocker is aggressively installing automatic teller machines; the others are in general experimenting.

Automate

Bank executives point out that since their retail operations are profitable and since there are plenty of branches around the State for customer convenience they are under no pressure to automate unless their customers clearly want such a service on Main Street.

Even though New York with its well developed foreign exchange and money markets remains the undisputed financial capital, California has remained attractive to foreign banks—as the announcement of the Standard and Chartered group's merger proposal with Union Bank indicates.

Thus over the past ten years foreign bank assets in the State (excluding BanCal Tri-State which has around 30 per cent of its capital held by interests associated with Baron Edmond de Rothschild) have more than doubled to $20bn. These banks have around a third of the domestic, commercial and industrial loan volume in the State, and the largest—such as California First Bank, which is controlled by Bank of Tokyo, and Lloyds Bank of California, a subsidiary of Lloyds, the British clearing bank — have around a hundred branches.

The attractions of California, particularly to those foreign banks which have branches in New York as well, are clear, and are similar to those affecting the domestic banks.

No doubt they share common concerns too. Among the more immediate are the impact on their business and the State economy of the fundamental changes in taxation in the wind as a result of the passage of Proposition 13, the danger of the Californian economy overheating, and in particular the threat of a speculative housing bubble which could burst. In the longer term, particularly for those banks located in the south of the State, concern must be the impact of illegal immigration from Mexico as that country's population soars.

Stewart Fleming

Growing share of defence spending

AFTER A decade of decline punctuated by crises such as the near bankruptcy of Lockheed Aircraft and the cancellation last year of the $25bn plus B1 bomber programme, the Californian aerospace industry is looking to the next ten years with mounting optimism.

In the late 1960s employment in aerospace in the State hit a peak of 600,000, as the industry struggled to meet the demands of a defence budget bloated by the Vietnam war, a buoyant commercial jet market and a high level of spending on space exploration by the National Aeronautics and Space Administration.

At that stage the Californian aerospace industry accounted for over one third of employment in the aerospace industry as a whole and played an even more important role in California's economy, accounting for about two fifths of employment in the state's manufacturing sector and almost one tenth of California's non agricultural workforce.

The subsequent ten years have been years of decline, in part because of the slackening of defence spending and the NASA space budget, but primarily because of the depression which hit the commercial jet market. Last year aerospace employment in the State was down to only 440,000. Both McDonnell Douglas and Lockheed, the State's two big commercial jet producers, were embroiled in wide-body jet programmes which some aerospace analysts suggest have yet to earn a profit for either company and which in the case of Lockheed probably never will.

The decade of decline would have been much worse but for California's growing share of Defence Department spending Thus through the 1970s the defence budget has been declining slightly as a proportion of gross national product—from about 6.6 per cent in 1971 to perhaps 5.0 per cent this year—but California's share of Defence Department prime contract awards has been rising.

In 1970 the State won $5bn of such contracts, or 18 per cent of the national total. Last year the figure was $10bn and significantly California's share was 22 per cent—it had been 23 per cent the previous year.

Saver

Without this business the workload, and the earnings of companies like Lockheed, McDonnell Douglas and Northrop, not to mention their dozens of sub-contractors, would have been thin to say the least. For Lockheed in particular and more especially for its missiles and space facility south of San Francisco in the "silicon valley" area, defence contracts have been a life saver.

But it is not just in terms of sales and profits that the Californian industry benefits from the U.S. Government's spending. One frequently sees governors and businessmen in less fortunate States, particularly in the North-East and Mid-West, complaining about the Government funding that goes into California, since much of it relates to advanced technology lines, which are seen as the growth sectors of the future, and since the contracts provide funds for basic research and development in these fields.

As Rockwell found with the cancellation of the B1 bomber programme last year, dependence on such spending can be dangerous — some 16,000 employees lost their jobs as a result of the decision. Rockwell, of course, is the prime contractor for the space shuttle, a programme which last year employed some 14,000 people, mainly in its Californian operations, and brought in revenue of $1bn. Moreover the outlook for Defence Department expenditure beyond the next two years is looking uncertain, with some analysts forecasting another decline in the rate of growth, although not in absolute terms.

On the one hand the Carter Administration is making no secret of its growing concern about the size of the budget deficit and is under mounting pressure to trim the deficit, with defence spending appearing to be an obvious target. On the other hand relations with the Soviet Union are deteriorating, and there are fears that the alternative to a new arms limitation agreement, which is in doubt, is a build up in the arms race, from which Californian firms would undoubtedly benefit.

But whatever the outlook for the industry on the defence side of its operations there have been clear signs of a revival in the commercial jet market both in terms of new orders and new commercial jet developments.

The recovery of the market after a decade of decline has already helped to absorb some of the aerospace workers displaced by the B1 cancellation. Moreover production levels at the two main commercial jet assembly facilities in the State, McDonnell Douglas at Longbeach and Lockheed at Burbank, are running well above last year's levels. McDonnell Douglas's Longbeach facility is expecting to increase its workforce by one quarter this year to 20,000.

Upturn

But it is not just the front line companies that will benefit from the upturn. If it were then clearly the main beneficiary would be Boeing in Seattle to the north. With some analysts forecasting that U.S. commercial jet deliveries will increase this year from the 191 recorded in 1977 to perhaps 242, —and Boeing is expected to capture around 75 per cent. of the market—clearly the industry leader is currently secure in its market dominance. But even Boeing's good fortune spills over into California since a high level of sub-contracting is commonplace in the aerospace sector, with not just engines coming from other companies but also sections of the fuselage in many cases. Thus the numerous aerospace supply companies in the State can expect to share in the upturn.

The forecasts of good times to come in California's aerospace industry—and the commercial jet market as a whole—are not simply based on the recent upturn in orders, the surging growth of air travel in the U.S. in the past year (partly in response to the wave of price-cutting) or the evidence that several major airlines have significantly improved their financial position as a result of this growth of traffic. The more general picture is that a high proportion of the 4,000 or so large commercial jets currently flying in the fleets of the non-communist world's airlines are ageing aircraft, like the early Boeing 707s and Douglas DC8s which went into service in the early 1960s. Even some of the more recent passenger jets, the immensely successful Boeing 727 for example, share some of the problems—from the airlines point of view—of the earlier generation of jets.

These can be summed up in terms of inadequate seating capacity in relation to demand and expected growth, poor fuel economy in comparison with the high by pass ratio fan jets which power the wide-bodied jets, and poor noise performance, particularly in relation to the U.S. noise standards due to come into effect in 1985.

These factors, coupled with others such as the expected growth of air traffic, have led all the major aerospace companies to project heavy new demand for commercial jets, with some forecasts suggesting that the market through the 1980s could be worth some $70bn in constant dollar terms. Such forecasts are far from precise, however, since much will depend on the mix of aircraft bought and the timing of their purchase — but the industry does not doubt that a major new wave of orders is awaiting them.

It is this market which the west coast aerospace companies have their eyes on, and once again they are hoping to get the lion's share of the world's business.

They recognise, however, that, particularly with the entry of the Airbus consortium and the prospect of collaboration in Europe on other commercial jet programmes seeking a share of the same market, they are facing a highly competitive situation. This is one reason for their interest in international collaboration. Another of course is the high cost of launching a new commercial jet.

So far as the Californian aerospace industry is concerned the front runner to pick up a significant share of the new market is McDonnell Douglas, which is actively considering designs for a new wide-bodied commercial jet—the DCX-200—based in part on its DC10 jumbo jet but considerably smaller.

Lockheed, of course, is limited financially in terms of what it can do and is expected to launch a smaller version of its Tri-Star to compete in the same market which is seen primarily in terms of a 180-220 seat medium range aircraft.

But the Californian industry seems naturally enough to be waiting to see what the giant in Seattle, Boeing, comes up with in its programme to launch a new family of commercial jets which will not be derivatives of existing aircraft since these cannot be modified to fit what the market seems to want.

The consensus for the Californian industry seems to be therefore that not only is it in considerably better shape that it was two years ago or even last yeaa, but, more important, the outlook into the 1980s is bright. While this promise is likely to be translated more quickly into employment than into profits, and while there are considerable risks involved in the new commercial jet programmes expected to be announced, the new programmes should ensure California's continued importance in the aerospace field.

It should also help to reinforce the strength of its high technology computer-based electronics industry since the proportion of such advanced technology being incorporated into commercial jets is increasing and will help to revive capital spending in the State, about which there is elsewhere in the U.S.

S.F.

Threat of power shortages

CALIFORNIA IS often described as "America tomorrow" —the State that points the direction in which the U.S. is heading. If that holds true in the field of energy, then Americans may be in more serious trouble than they suspect.

Debate over California's energy future has divided the State as profoundly as the San Andreas fault. On one point, however, there is general agreement: that if firm decisions are not reached soon, the threat of economically disastrous power shortages could become reality by the mid-1980s.

What are the energy policies of Governor Jerry Brown's administration? "If you can clear that one up, please let me know," says Dr. Stanford Penner, director of the Energy Centre and Professor of Physics at the University of California, San Diego. "People are confused. I think the Governor is confused, too. He's a devotee of dispersed technologies and of exotic ideas. Some defend these as practical on a 50- to 75-year time scale. I wouldn't: I think Mr. Brown is leading the nation's most populous State down the wrong road."

The Governor responds that his ideas, while considered off-beat by some, should by now be clear to all. "He has stated many times," says top aide Mr. Gray Davis, "that he isn't closing the door on nuclear power in this State. But his definite preference is to build up alternate forms of energy wherever available."

Halted

If Mr. Brown has not "closed the door," he has virtually halted all nuclear growth in California. His administration played a key role in killing off the $3bn Sundesert nuclear plant last month. The project, into which power companies had sunk $105m, had been described by Dr. Edward Teller, the nuclear scientist who developed the H-bomb, as "California's brightest hope for energy sufficiency." After five years, Sundesert's planners had obtained only three of the 90 permits required by federal, State and local authorities.

Nuclear regulatory laws passed in 1976 ban further plant construction in California until the federal Government approves some method for the safe disposal of radioactive wastes. The State's nuclear establishment, with the backing of organised labour, fought hard to exempt Sundesert from those laws, on the grounds that its development was far advanced when the legislation was passed, and that it was as clean and safe a plant as could be devised—sited far from major cities in the Mojave desert, in one of the few areas in California free from seismic faults.

But the Brown administration was adamant, and the Governor let it be known that he would veto any attempt by the legislature to permit construction of Sundesert. "That project was only part of the scene," says Richard Maullin, the Governor's Energy Commission chairman (a former Rand Corp political scientist, Mr. Maullin helped direct Mr. Brown's 1974 election campaign). "It had implications for the future of many other power plants."

And implications, too, for an evolving State energy policy: in California, the dream of cheap, abundant nuclear power is being phased out in favour of a bizarre mixture of energy sources. For the time being—the next decade at least—there will be heavy reliance on imported oil to fuel electric power plants. That reliance should decrease as Governor Brown's preferred alternatives —solar and geothermal power— become economically feasible on a larger scale. Until that day, oil will be backed by coal gasification, increased imports of liquefied natural gas and greater conservation efforts.

The Governor's other solutions to the State's energy problems are more esoteric: they include erecting giant windmills and burning wood chips, walnut shells and rice hulls. If much of the business world, and all of Mr. Brown's political rivals are sceptical about these unconventional sources, many evperts see them as potentially of great value.

Pacific Gas and Electric, Northern California's biggest utility company, is enthusiastic about the wood-chip notion, and is considering purchase of electrical power already being produced by wood-burning plants in lumbering centres. If various technical problems could be solved, State officials claim that wood wastes could produce nearly enough power to meet California's current electrical needs.

The nation's first major wind energy farm is also in the planning stage here—a joint project of the Energy Commission and Southern California Edison. Mr. Maullin says the Commission's goal is to have "10 per cent of our energy generated by wind power in the year 2000."

Favourite

Governor Brown's favourite remedy is, of course, sun-power, and earlier this year he unveiled a multi-million dollar plan to make California "the solar capital of the nation," with 1.5m solar installations in the State by 1985. Already California has some 300 small solar businesses in operation and purchasers of solar equipment are offered a 55 per cent income tax credit, up to a maximum of $3,000, as an incentive.

Mr. Brown's allies in this drive cover a broad political spectrum. There is, for instance, Tom Hayden, sometime "Chicago Eight" revolutionary turned Democrat, who heads the Governor's "Solarcal" commission to spur solar growth; and there is Israeli Premier Menahem Begin, with whom Brown — in his role as a 1980 presidential hopeful — recently conferred at length in Los Angeles. Mr. Begin is another sun-power buff. He and Mr. Brown have announced plans to form a California-Israel foundation to finance solar energy research. Their joint goal: to be the first states on the globe to rely on the sun as their chief energy source.

The promise is there. But the political reality now is the nuclear dispute. Two years ago, a State referendum showed that the vast majority of Californians favoured nuclear growth. Yet, as Governor Brown's Republican opponents often point out, not one new plant site has been approved during his term in office; and the State's electrical generating capacity has remained almost stagnant. Given a projected 50 per cent increase in California's population by the year 2000, economists say that capacity should be doubled to ensure sound economic growth.

Thus nuclear power looms as one of the hottest issues in next November's gubernatorial contest. And Governor Brown, faced with a taxpayers' revolt and a sharp decline in his personal popularity, is risking his political future in opposing it.

Maurice Irvine

Television

Dancing on the middle ground

by CHRIS DUNKLEY

Before taking a quick look at the six new series which managed somehow to squeeze onto the screen last week in the brief lulls during the tedious blitzkrieg of the World Cup, it is worth considering Derek Bailey's programme about *MacMillan's Mayerling*. It is worthwhile because the programme afforded such clear illustrations of so many of the different facets—good and bad—of television arts programmes.

First of all it was a "prestige" programme: it went into production at London Weekend during the days of *Aquarius* and was eventually broadcast on Saturday in *The South Bank Show*; it lasted more than two hours: was featured on the cover of TV Times; undoubtedly cost a lost of money; and if it does not turn up as the British entry in at least one international television festival in the next 12 months I will eat this column.

The format was one that has become increasingly popular in the quality end of the festival business in the past few years: a combination of performance, rehearsal, interviews and background film. Last year America's PBS produced just such a mixture of rehearsal, performance and chat called *Pilobolus Dance Theatre* (a striking programme which has still not been shown in Britain). The Italians did a similar job for opera in *Un'Opera Un Sogno, Un Viaggio* and there have been whole series of programmes doing the same thing for symphony orchestres in Israel and Germany as well as Britain.

It is a popular formula for several reasons: whereas television inevitably detracts from any performance when it simply relays it from the theatre or concert hall to the viewer, the addition of background material might be thought to enhance it. And then opera or ballet unadulterated will always attract relatively very small audiences and the addition of trips on film to the location of the story (particularly a story as sensational as *Mayerling*) and interviews with the personalities involved might be expected to hold rather more viewers.

Perhaps some producers think, moreover, that while you are in the business of "spreading joy by doing good" you might just as well fulfil all three of the famous duties of British broadcasting and *inform*, educate and entertain simultaneously.

This idea is closely allied to a belief fairly popular among the producers of arts programmes that television is in the "de-mystification" business, and that one of its jobs is to cut through the more pretentious trappings with which the cognoscenti surround the arts, and make them more readily acceptable to people who would never dream of buying a ticket for a live opera or ballet or even a serious play.

Whether any of this was in Bailey's mind I do not know, but what he gave us was not the ballet from beginning to end (though I believe he did record it all) but a mélange which started with some history, went on to the climactic pas de deux from the last scene of the last act, brought in my colleague Clement Crisp as a commentator/guide, in addition to Melvyn Bragg who supplied the voice-over narration, and then interspersed recordings of the ballet's other major pas de deux with film of the two principals rehearsing, and interviews with choreographer Kenneth MacMillan, orchestrator John Lanchbery, and scenario writer Gillian Freeman.

The result was that one came away with a fair idea of the Rudolf/Vetsera story, and with some idea—though pretty sketchy—of how a ballet is created. Most significantly, the programme also gave an opportunity for millions who will never be able to visit Covent Garden to see something of the magnificent dancing of David Wall, Lynn Seymour and Merle Park.

However, it came nowhere near conveying the true gestalt of Macmillan's work of art. By its nature it could not do so, any more than a programme which started with the last chapter of one of Melvyn Bragg's novels, then showed snapshots of his primary school, and brought in a few other scattered chapters mixed with interviews with his wife and publisher's editor could convey the real nature of the book.

This does not make Bailey's programme a bad one; on the contrary, it was very good of its sort. In particular the common sense and general high quality in the actual dance excerpts was very noticeable after some of the idiocies we saw recently in the imported works in BBC2's *Dance Month*; and the various parts were cleverly slotted together.

Yet personally I would rather have seen one programme about the making of the ballet and then another showing the whole of *Mayerling* from beginning to end. Bailey and his associate Tanya Bruce Lockhart and executive producer Nick Elliott may believe that this would not have held an audience as large as the one they got. Perhaps they could not have won time on the network for such a treatment.

But the programme which they did put on looked to me like another example of the seemingly irresistible drive towards the middle ground which has been proceeding slowly in British television for 15 or 20 years. Each year the number of programmes making a significant demand from the viewer and offering a commensurate return seems to shrink and shrink, and they always were a small minority.

Certainly there were none among last week's new series.

The best of these was *Will Shakespeare*, written for ATV by John Mortimer and produced by Cecil Clarke. Anyone who has ever written publicly about Shakespeare knows from the almost hysterical response the very special place he occupies in the collective British bosom, and the critical lambasting that the first episode has taken was entirely predictable.

Obviously there are language problems. Mortimer has gone for a sub-Elizabethan style—"Kate! Merry Kate! For a prank, for a merry strategm . . ." and so on—in which there is no division visible between pastiche and parody, but it is hard to see what else he could do in a period production.

Tim Curry in the title rôle has so far only had the chance to present the young blood of which we know he is quite capable. The test is going to come as the character ages. But so far his semi-peasant fledgling poet/playwright, living on his wits in the big city, literally breaking into the theatre, and rapidly realising that his own abilities equal and surpass those of the established playwrights, seems a reasonable enough portrait considering that virtually nothing is known of Shakespeare's life except from the internal evidence of the plays.

It is typical of the whole production that the hectic street business tends towards the Hollywood Quaint school, and there is no doubt that television could bring us a more sober and "balanced" biography if that was the object—but clearly it is not. This is a nine o'clock drama serial, and as such things go it is a highly entertaining one.

Yorkshire's *Life Begins At Forty* which immediately precedes *Will Shakespeare* is yet another domestic sitcom in the long line stretching from *Mother Dear Mother* to *Father Makes Four*. The first episode of this new lot, with Derek Nimmo as the unexpectant husband and Rosemary Leach as his expectant 42-year-old wife, was called (honestly) "And Baby Makes Three." They have already done the gag about "shouldn't you be leaning on me?" though she is barely pregnant, and I have no doubt there will be numerous jokes about potties, wind, and nappies. It is old-fashioned, sentimental, slow, uninspired, unoriginal and laboured and likely to go quickly into the Top 20.

ITV's other new comedy series—*The Pink Medicine Show*—is already at 14 in the ratings after only one episode. So far as I am concerned it is notable mainly because it stars my own GP which makes watching it a somewhat surreal experience. It is, unquestionably, the best medical revue series ever broadcast by London Weekend at 7.30 on Fridays.

Thames Television's *What About The Workers* is another series about the trials and tribulations of British industry, but studied (for once) mainly from the viewpoint of employees, and with an eye on Bullock. Since other programmes have recently been warning—again—of the chronic class distinction in British industry it is hard to know how helpful such a deliberately one-sided series may be.

The Songwriters on BBC1, which promises to cover Noel Coward, Ivor Novello, Lennon and McCartney and so on, started with Leslie Stuart—a name which does not spring quite so readily to the lips. He did write Lily of Laguna and Soldiers of the Queen but practically all his other songs seem to have been totally forgettable and consequently forgotten. Though an idiosyncratic choice, his story made a pleasant enough programme.

And in Lennie Bennett and Jerry Stevens (*Lennie and Jerry*) BBC1 just may have found something valuable—contrary to my earlier misgivings. The question is this: having proved in Week 1 that they are the only comedy double act able to fire off gags from a trapeze *and* perform two-man somersaults on it, what on earth are they going to do in Week 2?

Ian McShane as Christopher Marlowe in 'Will Shakespeare'

Leonard Burt

Kalia Ricciarelli and Luciano Pavarotti

Covent Garden

Luisa Miller

by RONALD CRICHTON

Verdi's *Luisa Miller* crept shyly back to Covent Garden on Monday to the obvious pleasure of the audience. In that pleasure there may have been an element of relief and surprise. Many people must have known that the rehearsal period had been beset by difficulties caused by illness and cast changes. They may also have known that this was to be an "economy" production—while financial constraints often work wonders by sharpening everyone's wits they aren't in themselves a guarantee of artistic success. Finally, *Luisa Miller*, though rightly prized by Verdians, has not in this country, for all the widespread interest in Italian ottocento opera, even began to establish itself in the repertory.

The first performance of this new production by Filippo Sanjust, conducted by Lorin Maazel (making his Covent Garden debut) was listed as only the third in the house. The opera, already and unsuccessfully tried both at the old Sadler's Wells and at Her Majesty's, in fact, made two Covent Garden appearances in 1874 with Patti, Nicolini and Graziani. Though Rodolfo's "Quando le sere" is one of Verdi's most frequently recorded tenor arias the score, in spite of great and varied musical riches, contains no other invincible popular winners. Yet the real reason for a neglect that may well be overcome now probably lies in one of the work's virtues—the close integration of Verdi's music with the libretto, an adaptation by Cammarano of Schiller's drama *Kabale und Liebe*, one of his early plays which (curiously, when you consider some of our own Romantic excesses) have proved so little to English taste.

Toye described the peculiar quality of *Luisa Miller* as "intimate pathos," though that seems better fitted to *I due Foscari*—the appearance of both operas in the same season and in the right chronological order has proved most interesting. Intimate much of *Luisa* certainly is—most of the scenes take place indoors, many of them in a modest cottage, while the chorus has a subdued if effective role.

Sanjust's production is simple and good-looking with just enough flouncing and posturing to give an idea of the 17th century (in which Schiller set his play) as seen through mid-19th century eyes. His pleasing sets and costumes (the scene is a Tyrolean village and the local castle) have the same qualities with the additional virtue of being easy to change. Whether they will please those with a weakness for expensive and elaborate Central European engineering is another matter. The problem of representing a small interior on a large stage has been cleverly solved.

Maazel's belated operatic debut here was a success. He balanced the voices against the interesting and sometimes unexpected scoring with skill and made much (but not too much) of those sudden flashes of brass tone with which Verdi now and then reminds us of the violent undertones of the plot. There was, perhaps, a slight lack of spontaneity, but this is a quality dearly bought on a first night. The chorus singing was suitably restrained: the women looked well in Sanjust's quietly decorative groupings.

Luisa is reputedly a tenor's opera, but even with Luciano Pavarotti to sing Rodolfo the warmest applause of all went to Katia Ricciarelli as the heroine. She deserved it, for her radiantly warm and liquid singing, her gentle, expressive way with ornaments (except for the extra ones she adds when she takes a high note from below), and her sympathetic personality. Luisa is a village girl, daughter to a retired soldier, in love with "Carlo," who is really Rodolfo, son to the wicked local bigwig, Count di Walter. Pavarotti, who took some pains about acting, and who has lost weight, sang Rodolfo's more vigorous music with his customary clarion firmness. Elsewhere the voice was less rounded than usual and sometimes rather dull. He won an ovation for "Quando le sere" at the cost of transferring this dreamy, melancholy piece to the vigorous category, where it does not belong.

The important role of Father Miller, down to be sung by Ingvar Wixell, was taken at short notice by Leo Nucci, an agreeable, musical baritone of considerable promise, promptly recognised as such by the audience. At even shorter notice Robert Lloyd sang the wicked Count of Walter in place of Gwynne Howell. Though one may guess that he will make twice the effect when he is really in the part (none of the leading roles in this opera so full of complicated and delicate ensemble work can be easy to master quickly) Mr. Lloyd gave a creditable performance.

Richard Van Allan appeared as Wurm, the Count's villainous steward, who is after Luisa's hand. This almost hissable portrait would be still more enjoyable with a touch of servility—the fellow is a little presumptuous. As the rich widow Federica d'Ostheim, to whom Rodolfo is unwillingly betrothed,

Bush

Runners

by MICHAEL COVENEY

As if track-suited joggers on every street corner were not enough to remind the rest of us how unfit we are, Ian Brown has brought them steaming into the theatre in his sprightly little play. But these are not mere joggers; they are runners, the real thing, with an eye on international honours in sprinting and middle-distance events. Chuck Allsop (Will Knightley) is working for a degree and sacrificing his home life for weekend meetings in the Midlands. His rival, Alec Haines (Tom Marshall), is a ruthless winner with a nagging Mum ("You eat like a horse, and drip everywhere") and a fitful career in carpentry.

The play is most effective when it concentrates on the details of preparation in the changing room, where naked torsos, shin splints and spiked knees decorate some accurate reportage on the life of an athlete and an extended weight-lifting session under the supervision of a demanding coach (Rio Fanning). The coach has a trained eye for the likely lad and slips Alec a few bob and a packet of anabolic steroids in his push for fame and international selection. Whether he acts out of ambition for success with a protegé or as an ingratiating homosexual is a matter for thin sub-text.

A journalist from "a Sunday heavy" is introduced to extort from Chuck a reasonable set speech on why he runs: "I run because it feels right, appropriate. . . it's catharsis, a way of finding myself in activity." Chuck's wife, Janet (Ann Holloway) gets Alec to put up more than a few shelves and we end with whispered evidence of adultery as the runners emerge in ill-fitting dinner suits for a celebratory dinner. Chuck has made it into the relay team, but Alec has gone one better as a solo turn.

It is a careful, unpretentious piece of work, very well performed in Simon Stokes's low-key production. The programme thanks the Palace Theatre, Westcliff, for the jock straps, which makes me wonder what we are missing down there. It also credits Will Knightley with "weight-training supervision," and it is impressive to see an actor doing something well onstage besides acting. Robert Whelan offers the usual idea of a caricatured journalist, although I think it unlikely that he would monitor an interview on a used brown envelope with a mere pencil.

The Entertainment Guide is on Page 12

English Stage Company chairman

For personal reasons Sir Hugh Greene, who was due to become the chairman of the English Stage Company, has had to withdraw. The company has announced, though that Howard Newby has agreed to become the new chairman of the council of the English Stage Company at the Royal Court Theatre. He will assume this position at the beginning of July.

Glyndebourne

Mozart

A crop of cast-changes in the *Don Giovanni* and *Zauberflöte* productions of the current festival provided the excuse for a two-day visit. The weather was pleasantly sunny, the *Giovanni* anything but. If Peter Hall's production has done nothing else—and, in my view, it has achieved the most revolutionary and also the most careful re-study of the opera in many years—it has given unremitting expression to the dark tempestuousness in the music. Caught towards the end of the run, with a change of conductor and a new Don Ottavio inserted into the ensemble, the staging still unfolds with a relentless singleness of purpose that leaves one breathless. It is, apart perhaps from the tirelessly inventive Leporello of Stafford Dean (in very colourful voice on Sunday), a *Giovanni* without stars. The opera itself is the star, as at Glyndebourne it is always meant to be.

Keith Lewis, who sang Ottavio during the 1977 Glyndebourne tour, is a well-schooled young tenor, good at varying the shades and inflections of his long phrases, smooth and (except for a couple of hastily snatched breaths) proficient in the runs of "Il mio tesoro." The voice itself is not a very ingratiating instrument, particularly when it swells out into *forte*, but Mr. Lewis makes resourceful use of it. The playing of a usually spineless character as a steady figure of middle age and patient but not pusillanimous disposition is one of the many illuminations of the evening. (Elvira is another; and for the communicative warmth with which Rosario Andrade drew together the strands of her passionately impulsive and large-hearted personality, some passing patches of bumpy singing were of small account.)

The conductor was Nicholas Braithwaite, also remembered from the 1977 tour. He applies himself wholeheartedly to the tensile, lean-limbed reading which the production implies and demands, fiercely avoiding all Mediterranean sunshine and sensuousness. Only in the outer extremities of the opera did one miss a still greater degree of inciseveness—the slow opening of the overture was rather mushily played, and the final scene was clear rather than terrible or hair-raising. Most of the evening, the London Philharmonic Orchestra was on its most distinguished Glyndebourne form.

The Flute, on Monday, was rather a let-down. Unlike Ronald Crichton, who reviewed the John Cox-David Hockney collaboration when it was first revealed last month, I find the fabled designs "interesting" rather than remarkable, and regret their cramping, strait-jacketing effect on stage space and movement—the first-act finale was, on Monday at least, a sea of ill-assorted and uninvitingly costumed figures. (Searching for Sarastro is not what the scene is, or should be, about.) A cool, low-key quality, which spread from the pit in Andrew Davis's very tidily placed but unresonant reading, and which united with the flat and rather static activity on stage, diminished the opera at either end of its scale, underplaying both the joyousness and the grandeur.

Felicity Lott has taken over as Pamina. Even though she has been seen to better advantage in Anthony Besch's delightful production for the English National Opera, Miss Lott remains a Mozart singer of notable freshness and natural distinction. When so much in a generally under-sung *Flute* seemed a cautious skirting along the edges of the music, it was restorative to encounter at least one central performance firmly founded on a radiantly expressive vocal line.

The other newcomers to the cast are Kolos Kovats from Hungary, a Sarastro with a bass of imposing but rather uneven quality and an impressive command of physical stillness, and the Israeli Syliva Greenberg, a Queen of Night with accuracy and intelligence as fair compensation for smallness of tone. It was a United Nations cast, and the German dialogue was spoken in a wide range of peculiar accents. Willard White's resonant West Indian tones proved not the least peculiar of these; but his speaking voice is in itself a splendid instrument, and his Old Priest is sung with memorable gravity and fullness.

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Mr Healey's arithmetic

THE CHANCELLOR of the Exchequer seems to have made an impressive appearance before the House of Commons Expenditure Committee yesterday in defence of his decision to recover the revenue lost through Opposition amendments to his Budget proposals through a surcharge on employers' national insurance contributions. Deploying a mixture of fiscal arithmetic and Treasury guesswork with his usual air of solid authority, he argued that this was the least of the available evils—the least harmful way out of a situation which was not of his choosing. His reasoning may have persuaded the Committee, but we remain unconvinced.

Speculative

Mr. Healey put forward two basic lines of argument: that the surcharge would have less effect on employment than any alternative, and that it would have less impact on retail prices. The first of these is at best a highly speculative line of reasoning. As the Chancellor frankly admitted, the present relationship between official figures for output and employment is very puzzling. Recorded output is growing pretty much in line with recent forecasts, both official and unofficial; but all these apparently accurate forecasts associated the present growth of output with rising rather than falling unemployment. In fact, however, unemployment has been falling and vacancies have been rising for nine consecutive months, and the trend is now admitted by officials to be statistically unmistakable.

Mr. Healey is certainly entitled to celebrate this news, even if he is not clear how exactly he can claim any credit for it. He may even suspect, as the U.S. Administration does, that the employment figures suggest that output is higher than the official figures show; there is some reason to suspect that official volume indices—which are admitted by the statisticians to be inaccurate when inflation is rapid—can be distorted downwards by the impact of recession and price controls. The one thing the Chancellor cannot legitimately do is to take a relationship which has become a subject for cheerful guesswork and use it as the basis for rather fine estimates of the employment impact of marginal tax changes. In an area of doubt, Mr. Healey's figures—like some other forecasts emanating from the Treasury—are far too precise to be convincing.

This was not the only inconsistency in Mr. Healey's evidence; for if his assertion that the price effect of the surcharge will be only about half that of a similar sum raised through VAT, one would expect the employment effect to be worse rather than better. The charge, in either case, is borne by the sale of goods; but whereas a VAT rise would be borne partly by imports, the surcharge will fall on home production. It therefore makes a heavier call than would a VAT charge on the funds from which employment and investment are provided.

It is true that the surcharge, unlike a VAT increase, will be recovered from exports as well as home sales, but this does not account for the whole difference claimed by the Chancellor. The balance—and indeed the whole rise in export costs, where prices are most strongly constrained by competition—will fall on profits.

Levelling out

Again, there is new evidence to hand to provide a gloss on the Chancellor's remarks. The latest figures for gross domestic product show that even before this new charge, profits, net of stock appreciation, have levelled out over the last six months after their previous strong rise. They are now running at a little over £3bn a quarter in money terms—eight times the sum the Chancellor needs to raise. If only a little over half of this is recovered from customers, the effect could be to reduce profits available for investment by more than 5 per cent. This is certainly bad for employment in the long run, whatever may be the effect of higher real incomes in the short run.

It is perhaps to be expected that Chancellors will go for short-run benefits as elections near, and will justify politically expedient choices with dubious statistics. Mr. Healey has made a damaging choice, and his self-defence will not deceive industry. It is to be hoped that he has not deceived himself either.

The predicament of OPEC

ONCE AGAIN, as at Caracas, the Organisation of Petroleum Exporting Countries has agreed to disagree — in the politest possible terms — with the result that for the time being at least and probably until the end of the year the basic price of oil will remain unchanged.

In effect, the establishment of a committee of experts chaired by Sheikh Ali Khalifa al Sabah, the Kuwaiti Minister of Oil, has deferred a decision on the question of what the producers can and should do to preserve the purchasing power of their revenues in the face of the dollar's continuing depreciation. The decision could be regarded cynically as a means of saving the face of those members which were openly committed to gaining a compensatory increase, and of buying time for Saudi Arabia and Iran which were under pressure to agree to one. More accurately, however, it reflected the genuine perplexity of the producers in the situation that they now find themselves.

Freeze prolonged

On the face of it the scenario at Geneva was similar to those at almost every other meeting since the three-fold escalation of oil prices in the last quarter of 1973. As in the past, Saudi Arabia fought for moderation in the interests of the health of the world economy which, it believes, is not yet in a position to bear the cost of an increase even in nominal terms. As at Caracas, the support of Iran made it possible for the Kingdom to resist demands for an increase and to prolong the freeze in force since last summer's Stockholm conference.

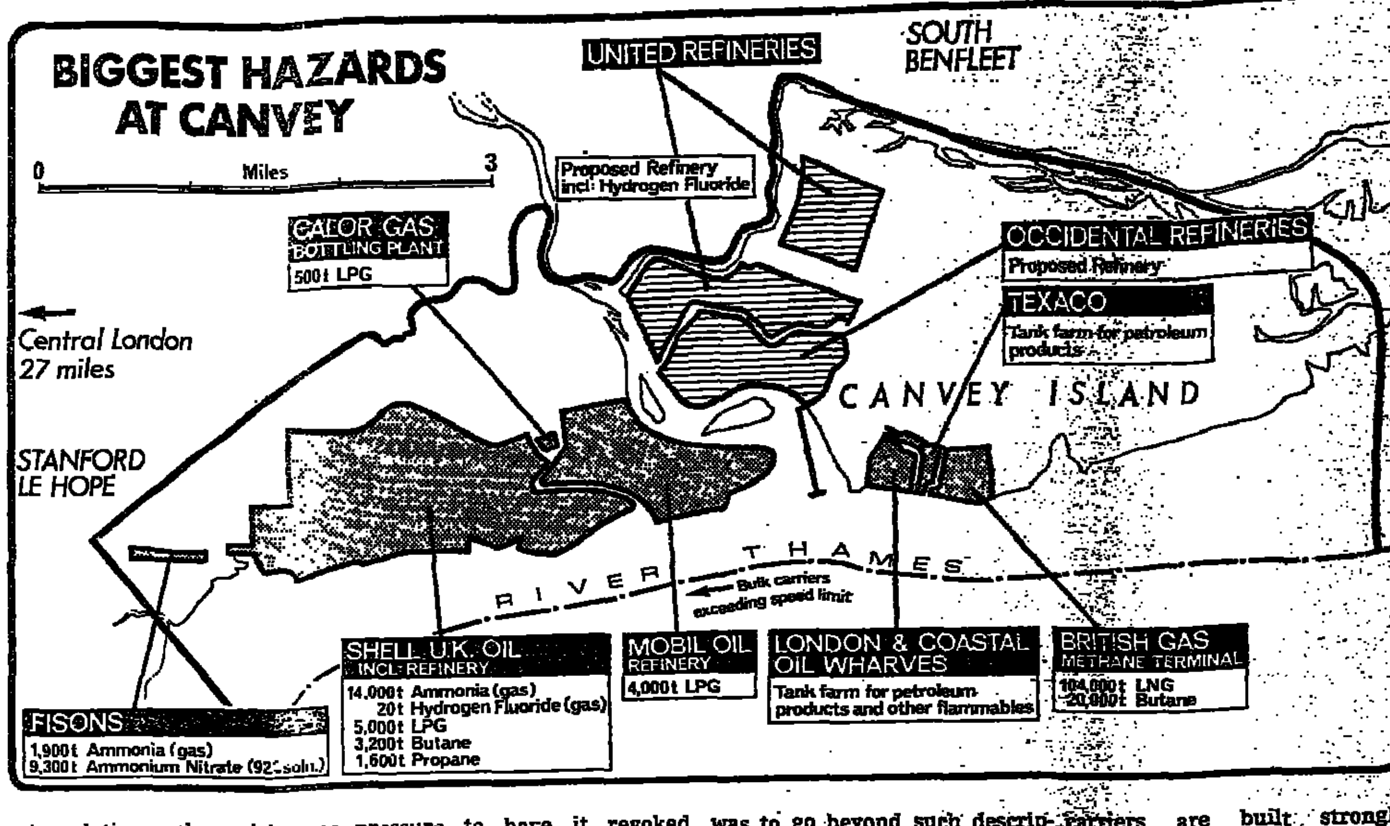
At Geneva last week-end, however, there was a very discernible difference based on the general realisation that over the past year and a half the circumstances of the producers have changed. Having been founded in 1960 to maintain revenue values, OPEC in 1973 asserted its power to set prices unilaterally. The cut-backs imposed by the Arab producers in retaliation against U.S. aid to Israel during the October War made possible the dramatic rise decided upon, though with great reluctance by Saudi Arabia, at the end of that year. Notwithstanding the economic recession, which was largely the result of the escalation in oil prices, demand was strong enough to maintain the subsequent improvement in revenue terms. But last year not least because of the North Sea and Alaskan oil, OPEC production was virtually static compared with 1976 and the producers suddenly found their ability to dictate prices limited by a surplus.

The turn-around in the market has imposed a new predicament on OPEC, whose basic function is to maintain and improve revenue terms. Members' purchasing power has been eroded since the beginning of 1977 because of inflation and the depreciation of the dollar. Some producers still defiantly assert that the market could support an increase of 10 per cent or more, despite the fact that North African producers of premium light crudes have had to cut their differentials in the face of competition from North Sea oil. But it is doubtful whether anything more than a nominal increment could be sustained until the end of next year.

Whether or not a significant rise could be supported, market realities have certainly made it easier for Saudi Arabia to resist pressures for an increase and in part must have accounted for the conversion of Iran to price stability. Yet, the plight of the poorer producers is such that the two big oil powers will almost inevitably agree to some kind of rise early next year. Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, has suggested 2 per cent might be reasonable and proposed that it should be followed by periodic increments to prepare consumers for the anticipated shortage in the middle of the next decade. He is not alone in OPEC in arguing that a progressive increase in the price of oil is needed to encourage the development of alternative sources of energy and thus to prepare for the day when the temporary oil surplus gives way to a shortage.

Exploding the fears of Canvey chemical hazards

BY DAVID FISHLOCK, Science Editor



AS THE figures came in we were seriously worried that we would be obliged close plant down, says Mr. John Dunster, one of the three signatories to the long-awaited report* on safety at the Canvey Island industrial complex. As it turned out, except for one part of one plant, which had to be shut down, some fairly simple precautions against the grosser risks uncovered by the safety assessors will greatly reduce any risk of a catastrophe.

The path to this conclusion has been long, tortuous and costly—£400,000 alone for the safety assessment, but some millions for the modifications and "backfitting" required by the factory inspectors. But the outcome is that residents of Canvey now have the assurance of the most painstaking safety assessment ever undertaken outside the nuclear industry that the risk of an industrial accident reaching beyond the factory fences is extremely low.

Canvey and its environs, as the map shows, is one of Britain's big industrial campuses. A fifth of the nation's oil refining capacity alone is packed into a riverside area nine miles long, only about 25 miles from central London. The refineries, fuel stores and chemical plants represent a colossal inventory of potentially hazardous material, both explosive and toxic. Added to this are hazards from vessels berthing nearby, bearing large cargoes of fuel and chemicals.

What the 33,000 residents of Canvey—a figure which doubles in mid-summer — feared most was the possibility of a catastrophe that would sweep through the plants, the first to explode blowing up its neighbour, and so on. What they will learn from the report of the Health and Safety Executive is that a "domino effect" cannot happen even under the worst circumstances the inspectors were able to visualise.

It is their judgment that, even before the modifications now being carried out, at worst, a sequence of two plants could explode in one disaster. But the consequences could nevertheless spread beyond the fence to strike the residents because of certain toxic chemicals stored in large quantities. The modifications are intended to confine the effects of any conceivable accident to a single piece of plant. Beyond that it is probably not reasonable to go, for the present generation of chemical plants. For the future—perhaps a decade away—there is every chance of designing plants which for a given output are much smaller and intrinsically much safer.

The Canvey study will prove valuable on two different counts. First, it is highly reassuring for the residents themselves. Although by extrapolating the risks to theoretical extremes in every conceivable direction, the inspectors have arrived at situations in which hundreds or even thousands might die, they show very clearly that, given their recommended changes, the risk is so low as to be discountable.

As the report puts it: "All of the accidents discussed in this report are theoretically conceivable and some have occurred, although never anywhere in the world in such a way as to result in the large numbers of casualties judged to be possible by the investigating team."

The second count on which it will prove valuable is as a model of a "major industrial hazard." These are the plants—estimated to number between 100-300 in the UK—which by virtue of their energy inventory are judged capable of wreaking havoc beyond the factory fence. Since the explosion of Nypro's plant at Flixborough just four years ago the factory inspectors have been trying to define, pinpoint and analyse Britain's major industrial hazards.

Canvey came to serve as a model not because of any accident, but because of residents' long-standing worries that too much industry was being foisted upon them. Flixborough, in which 28 factory workers died, heightened their fears: as did the Seveso accident, shortly after the study began, where an apparently trivial plant incident spread a deadly poison over the Italian countryside.

Their fears were given focus by United Refineries' proposal to build another oil refinery on Canvey Island. Planning permission was granted in 1973, but later there was strong pressure to have it revoked. This led to a joint request from the Secretaries for Environment and Employment that the Health and Safety Commission should first make a special investigation of the potential for catastrophe already concentrated in the area.

The Commission called in Britain's most experienced people in assessing major industrial hazards, built up by the UK Atomic Energy Authority as watchdogs over its own and the Navy's nuclear installations. This is the Safety and Reliability Directorate at Culcheth, under the direction of Dr. George Kinchin—a body for which the more safety-conscious sectors of heavy industry in Britain already have the highest regard.

More complex situation

What this team uncovered was a far more complex safety situation than anyone had expected: a sprawl of factories owned by nine different companies, none of which had ever "made a systematic attempt to examine and document those few potentially serious accidents which might result in a risk to the health and safety of people in the surrounding community." This was the first task of the team.

With the approval of the Health and Safety Executive (the operating arm of the Commission), the team set out to quantify the probability of various types of accidents that might occur, and then the probability of a whole range of posible consequences. Its aim was to go beyond such descriptions as "very remote" or "quite high," and try to state the position in figures—for example, 1 chance in 10,000 of killing 100 people, compared with 1 chance in 100 if the alternative course is pursued.

As the report observes, this approach means relying on historical data. Sometimes this is readily available. For example, it shows that refineries suffer an average of one major fire every ten years. But where it is not—as when new activities give rise to novel hazards—the assessors can only make their own pudgment. Inevitably this is a potential source of controversy. Their brief was to err on the pessimistic side, and they believe they have done so perhaps by a factor of two to three.

The conclusion that came as the greatest surprise was that the risks identified at Canvey arose from an aggregation of hazards, not from the single hazard that might trigger a "domino effect" type of disaster. The study concludes that the risks can be reduced by a factor of four—a big factor—by some fairly simple measures. What is more, it concludes that the new refinery for which United Refineries has planning permission could be added—subject to certain conditions—without heightening the risk.

Ironically, the only organisation which the report implies is actually breaking the rules is the Port of London Authority, which is apparently failing to enforce its own speed limit on vessels. Vessels are averaging 11 knots when the speed limit is supposed to be eight knots. The difference is surprisingly important because it is calculated that bulk fuel carriers are built strongly enough to resist being holed and releasing a dangerous gas cloud in any collision at eight knots, but not at 11 knots.

The gas cloud poses one of the biggest risks isolated at Canvey. A leaking cloud of highly inflammable vapour devastated the Flixborough factory. For Canvey the team has not only examined the problems of a drifting gas cloud which might be ignited by an event elsewhere—such as the ubiquitous refinery fires—but also the possibility of toxic gas clouds drifting over residential areas.

Ammonia, already stored in bulk on the site, and hydrogen fluoride, a relatively new chemical in refinery operations, are both substances which could prove particularly deadly if a cloud were to drift towards adjoining populated areas. A desire to understand better the behaviour of such clouds has prompted the Health and Safety Executive to commission experiments by the Chemical Defence Establishment on Salisbury Plain.

The net result of a very sophisticated piece of statistical analysis is that the estimated probability of an accident causing more than 1,500 deaths is put at about 17 chances in 10,000 per year for the site as it is. This would increase to about 29 chances if the proposed two new and one extended refineries were added. But when the site is modified to the inspectors' requirements the estimated probability falls to six chances, even if the three new refineries are added.

Thus, as Mr. John Locke, director of the Health and Safety Executive, quotes disarmingly: "Act from thought should quickly follow." The changes required are many and varied. One of the most important will be automatic water spray systems designed to be triggered by a release of ammonia or hydrogen fluoride which will dissolve the toxic chemical and minimise the amount likely to drift. They could be installed, for example, at the point where the substance is discharged from the bulk carrier. The executive is discussing with Mobil ways of getting a sufficiently fast and reliable response from such a system.

Other changes are simpler, involving for instance the raising of more protective walls around processes. But the inspectors have run into some problems with British Gas over proposals that it should abandon certain activities at Canvey—such as the storage of butane—which seem to have no commercial purpose.

What will soon be required of industry, however, is that it must notify its staff when companies are operating what, since Flixborough, has become known as a potential major industrial hazard. The company would also be required to carry out its own analysis of any potential major hazard in its care and submit it to the Executive for comment. In this way, the method of analysis used at Canvey and the consequent modifications to improve safety should spread quickly through the British chemical, petrochemicals and energy industries. But for many companies it is bound to come as a shock.

A problem with which the Executive still has to grapple is that of potentially hazardous interactions between neighbouring plants when the neighbours are competitors. Mr. Locke acknowledges that companies may feel they have sound commercial reasons for not sharing too much information with neighbours.

The modifications proposed for Canvey are those deemed suitable for plants which might be constructed in the next two or three years. But the kind of company for which the new UK requirements on major industrial hazards is an integral part of their engineering is already busy on what ICI, for example, calls its plant-after-next thinking, for the late 1980s and after. This envisages plants radically different from those of to-day in size, appearance, safety requirements, etc. For a given output, processes will be carried out safely in much smaller plants. They will need fewer stages, far less dilution, less energy to keep the materials moving. Above all they will represent a much smaller inventory of energy—in short, much less of a major industrial hazard.

*Canvey: an investigation of potential hazards from operations in the Canvey Island/Thurrock area. SO, £10.

MEN AND MATTERS

Chipping away at politicians

After a morning dealing with such bemusing terms as floppy disks, daisy wheels and bubble memories, I began to take in my stride claims such as that microprocessors would soon be changing the home as much as the motor car changed travelling. Matters, it seems, are moving fast in many areas. Secretaries be warned: John McNulty of Modular Technology told 110 of us at a seminar arranged by the U.S. Trade Center that the manager of 1982 would be able to dictate his letters into a system which would recognise most of what he said; mistakes could easily be corrected. Information could soon be stored optically rather than on magnetic disks and the like. And small personal computers could break IBM's virtual monopoly.

McNulty was keen to move from the image of computers as "huge beasts in the bowels of the corporation surrounded by white-coated acolytes." He wanted to see them better tailored to the end user. Other speakers stressed how computers would soon be made for the home not the company.

But, when I raised this idea with displayers at the Center's exhibition of computers and peripherals, I began to feel that it was the humans who had become peripheral to the machines. Our institutions, too seem to have about as much chance of controlling the development of the new technology as a croquet player of batting against Test bowlers, or so Ian Lloyd, the Conservative member for Havant and Waterloo, told the seminar.

Lloyd is chairman of the House of Commons Science Sub-Committee. Yesterday he had to put up with some harsh comments about Whitehall's belated recognition of developments in microprocessing and the "small beer" of the £50m which the National Enterprise Board is allocating to set up a semi-conductor company here.

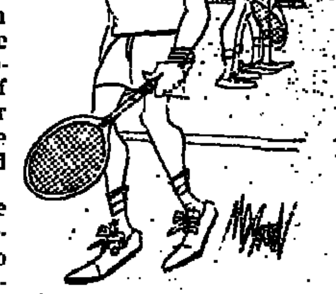
He has been pressing for greater recognition of the importance of the silicon chip revolution, and argues that we have crossed a major "event horizon."

In Lloyd's opinion the political consequences of this are huge. The institutions presiding over this rush into the 21st century remain 19th century in conception and scope, he believes. His basic point was that the MP is now comparatively unimportant and the Mp (microprocessor) all-important — which was unusually humble coming from one of our latter-day representatives.

Return fire

Even the beer cans are plastic on board HMS Brecon, the Royal Navy's latest and largest in plastic warships, which is being launched to-day in Southampton. The plastic is necessary because of the ship's function as a Mine Countermeasure Vessel, to use the RN's long speak.

So concerned were Vosper Thornycroft that no metal should enter the hull that the teak used was swept with a metal detector. Eric Hammen, contract manager for the builders, was surprised to find that it showed up positive—and even more surprised when he found why. The teak had shrapnel in it. When Hammen traced down its precise origins, he found it was from a North Korean forest against which he, an ex-naval gunnery officer, had led a UN task force bombardment in the 1950s.



"He's been drawn against Connors!"

Putting on a show

A firm of London business consultants called Broadbent-Jones and Partners claims to be able to tell companies what to do when "approaching an important turning point." They seem to be at quite a turning point themselves: this week they moved offices from one part of SW1 to another and they have just changed their name to Corporate Consulting Group. Last month they took on several advisers—including Sir Cyril Hawker, Sir Ieuan Maddock, formerly the Government's chief scientist, and a Philadelphia businessman, Robert Calman. I asked Leslie Dighton, one of the directors, to explain this whirl of activity. "We think Europe is reaching back into the U.S. and we are preparing for it," he said. I also asked him to justify the ostentiously rococo furniture in their offices. "We think it makes company chairmen feel at home," he said.

Classic quarrel

The next few days must surely see the climax of Merseyside's great Lyceum Club controversy. Last night there was a public meeting in Liverpool to discuss the fate of the 170-year-old neo-classic building: today a Liberal councillor will urge the city council to reverse its decision to allow the Lyceum's immediate demolition; and tomorrow the British Rail environment committee, with Sir Hugh Casson in attendance, will devote itself to the issue. If the Lyceum is to be saved, BR represents the conservationists' best hope, since it owns most of the site—for which a £5m shopping centre is planned.

The Lyceum was designed by Lancashire architect Thomas Harrison, whose work is regarded so highly that an appeal to James Callaghan to save the Lyceum has been signed by architects from as far away as Japan and Peru. But the developers — and Boots the Chemists which will occupy much of the site—are keen to sweep delays aside. What some might regard as a compromise solution to outright demolition was suggested to me by Ray O'Brien, the Merseyside County Council chief executive. He thinks that the pillared facade could become the frontage of a nautical museum in the docks area. But Save Britain's Heritage, the body that has been leading the campaign to rescue the Lyceum, calls this "an awful idea," since the interior would be entirely lost. The verdict of Sir Hugh and his colleagues is tensely awaited.

For the bird

So, it is back to Andorra again for the tale of a policeman who found a penguin and was told by his superintendent to take it to the zoo. Next day the superintendent saw the policeman walking hand-in-wing with the bird and shouted out angrily to demand where the policeman was going. "Well, yesterday you told me to take it to the zoo, so today I am taking it to the cinema."

Observer

Between baby boom and alms house

DURING the next 20 years it will be very difficult indeed to reduce taxes without also reducing the amount of help we give to people within our society who are genuinely needy. That is the unstated but inescapable conclusion to be drawn from an important new study of population trends published yesterday by the Office of Population Censuses and Surveys.*

The study does not talk about taxation at all. It is intended to take stock of the knowledge accumulated by our demographers and to set forth some conclusions about the age structure, family size, division by sex and race, and other characteristics of our population. Yet this kind of information can tell us more about the outlines of our political economy than any amount of theoretical debate about whether Labour, which is now giving us a penny off, will be succeeded by the Tories who *promise* at least twopence off.

Old hands will be aware of an immediate pitfall. Predictions about the future size of the population are almost always wrong. People simply refuse to migrate, die and have babies at the rate the computers predict (although in one of those matters—dying—they are relatively more obliging than in the rest). In consequence any chart that says that the total population of these islands will be such and such in AD 2001 is almost by definition inaccurate.

This pitfall need not concern us in the *present* case. The authors of the report cheerfully admit the difficulty of predicting birth rates with any certainty, and they *are well aware* that migration patterns can change *drastically*. But they do have something significant to say about the population that already exists, and it is on the basis of this aspect of their report that those who would shape our political and economic policies should sit up and take notice.

We know how many babies are in their cradles, and the pensioners who will be alive in AD 2000 are already here. With that knowledge, a likely pattern of population change over the rest of the present century can be established. Only sudden changes in the propensity to have children, or to emigrate, could upset it, and in the 25-year-run such an upset *would* in all probability have no more than a marginal effect.

With those ifs and buts on one side, consider what we *know now*. First, the population has stopped growing and the curve *suggests it is actually* falling. Emigration has exceeded *immigration in every* period since the war excepting 1956-61 and 1972-73, to give a net outflow of some 200,000 in the postwar *period*.

The birth rate, which reached *a peak in 1965* started to fall then and has never recovered *since. The excess of deaths* over births in 1976 was the most dramatic turning-point: nothing like it has been recorded since *registrations* began in the middle of the 19th-century. Provisional figures suggest that the curve continued last year and in spite of an upwards blip in the birth rate this year no one is expecting a serious change in the 13-year trend.

People have been talking about this phenomenon since before it started to happen, but *policies take time to catch up* with what most people already *know. The natural policy consequence* of a decline of the stock of people is a gradual change in outlook away from "overcrowded islands" to "encourage more births." The prevailing *xenophobia* will doubtless prevent any widespread *recognition of the other* corollary: "encourage more *immigration*."

It could be argued that the sudden rise of child allowances over the past few months has emerged from a subconscious feeling among politicians that, *following* the French pattern, something ought to be done to *encourage* population growth. We can expect more. Before the family planning industry responds to this with a barrage *of complaint about my thought*lessness and insensitivity to *global overcrowding, it should* consider two further points: *(a) the British turn-around* follows a similar experience in West *Germany* and is thought likely to be followed in other west *European countries: (b)* experience elsewhere suggests that young adults are curiously unresponsive to tax and other *incentives either to have babies* or to refrain from having them.

All that needs to be pointed out here is that the fact of the *downturn is highly likely to* affect government policies, *which is quite different from* saying that government policies *are likely to have any effect*, one way or another, on the *birth rate*.

Leaving aside the likely size of future families, the consequences of the fall of the birth rate for families already in existence should be faced now. We are still suffering from the post-war baby boom that marked the years 1955 to 1964. All those *extra young people are coming* onto the labour market and will *continue to do so until 1983 or* 1984 when they *will either be at university, in jobs—or on the* dole. The peak pressure will be in the year 1981, since the rate of increase of the population *of working age will be at its* most rapid until then.

After the early 1980s the benefit of the long-run fall of *the birth rate that began in* 1965 should be felt. Those whose *principal concern is how to* stoke up the economy at a sufficient pace *to provide the necessary* extra employment can take *a more relaxed view about* the period starting from, shall we say, the general election after the one expected this year.

The question that has to be asked today, however, is which *combination of economic* policies will limit the cost to the taxpayer of both unemployment and job-creation schemes *between now and 1983. If the* answer is "tax-cutting and *growth* will solve all the *problems*," then we shall have to consider the social casualties of rapid growth—people who are *inevitably* left behind by the concomitant rate of inflation and whose demands on the taxpayers naturally increase.

The conundrum is no simpler after 1984. Retired people cost a great deal of tax money. The number of pensioners increased by 1.8m to 9.4m between 1961 and 1976 and a further increase of nearly 0.4m is expected over the next 15 years. In itself that would not matter very much, if it were not *for* the expected change in the age-profile of the pensioner population. If mortality rates continued to fall —to, say, the best *levels* achieved in other countries— *the number of very old people* (aged 85 and more) would *increase to just over 800,000* within the next 20 years. This *would be an increase of 60 per* cent. Even *if* mortality rates *stay where they are now, the* number of very old people will rise by over 30 per cent by 1991.

The cost to the National Health Service and associated social services of providing a decent standard of care for the very old is very much higher, per head, than it is for any other section of the population excepting, perhaps, babies on the day of their birth. The public spending consequences of this cannot be avoided.

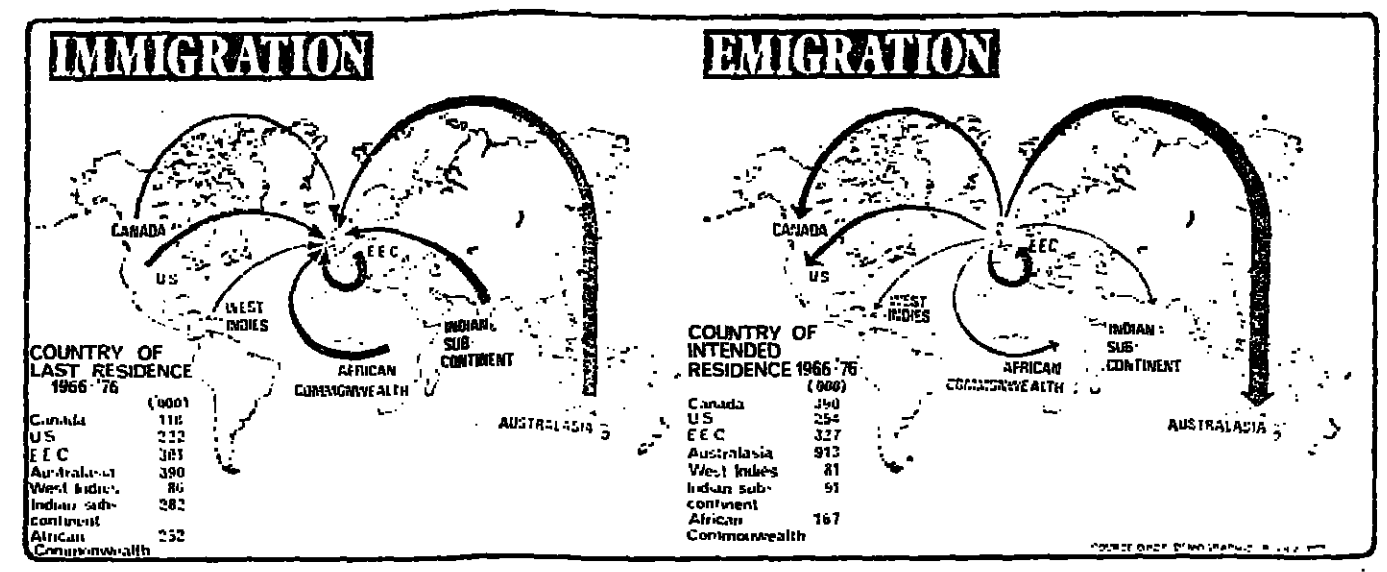
Anyone is free to draw his or her own conclusions *from* evidence of this kind, but it is difficult to get around the terse summary provided by the authors of the present study.

"In the immediate future," they say, "Great Britain is faced with two contrasting *trends: a working population* which is becoming younger *and will be increasing, and a* population of pensionable age *which is also increasing but be*coming older and more liable to the illnesses and disabilities which normally accompany old age."

Fine, *one* might say. The former will finance the latter. Alas, it is not so simple. Return to the report:

"If present trends in the employment of *married* women continue, the demand for new jobs will be proportionately greater than the increase in the population of working age . . ."

Thus it is expected that we shall not only have to mop up the unemployment caused by the decay of the old and inefficient heavy industries, but also the unemployment caused by the continuing wave of "baby boom" young people coming on to the labour market. Add to *that the desire of an increasing* proportion of women to find *work and the necessary number* of jobs becomes dauntingly large.



Migration patterns to and from the United Kingdom.

A further conclusion follows, taken from the report: " . . . if women continue to be employed in the occupations which provide personal service, and if *family size remains low*, there will be a need for them to turn *increasingly* from the provision of services for the younger dependent population to providing more services for the elderly dependent population."

Whatever one thinks of that, it cannot be called private-sector, productive employment: it is quite clearly public-sector, taxpayer-financed work.

You and I might respond to *this set of equations by looking* elsewhere in the public expenditure White Paper for cuts. It may be possible to find them—but only an extremely determined minister could push them through. For example, the size of the school population is falling, and we need fewer teachers. Yet, says paragraph 7.9 of the report, "because of overhead expenses, possible changes in participation rates and the management needs of the teach-force, the cost of educational services will not fall in proportion to the size of the age-groups."

Being officials, they had to put it in that way. You and I could say: "The public-sector unions will insist on milking the last penny out of the taxpayers for as long as they are allowed to get away with it." Either way, the message is the same: we shall lose on the swings of demographic change and, saving an alteration in the balance of power between governments and public-sector unions, we shall lose on the roundabouts, too.

**Demographic review 1977, HMSO, £2.75.*

Joe Rogaly

Letters to the Editor

Steel industry in the EEC

From Mr. Newton Jones

Sir,—Your front page today *(June 19)* makes a travesty of the hopes and promises held out to *the people of these Islands when* they were persuaded to vote in favour of joining the EEC. We were told that we were joining a confident outward-looking group interested in expansion and development in conjunction with nations overseas. How different the reality! In practice is proves to be an ultra-protectionist grouping oriented *purely to selfish interests of* producers and sectional interests *and operating normally* to the disadvantage of the European consumer. We have seen the end of imports of New Zealand cheese into the United Kingdom. We have seen a substantial reduction of imports of New Zealand butter. *Discussions now* going on must throw doubt upon *the quantity (and the price)* of New Zealand lamb for the *British consumer*.

We see that, in order to protect the steel industry, severe restrictions are being placed upon the right of consumers throughout the EEC to procure steel from overseas. Now steel may be the finished product of the steel industry but it is only a raw material so far as all other industries are concerned and it *is impossible to understand how* it can be of benefit to the EEC *trading* and manufacturing community as a whole to have the price of this important raw material increased beyond that at which it is available to its competitors in other *territories*. If as a result of restrictions on steel imports we find *that* other manufacturers become uncompetitive, *is* it the intention of the EEC Commission that restrictions will be put upon other merchandise coming in from overseas?

Surely it is time that *there* should be a basic re-examination of the principles upon *which* EEC export trade policy is based.

Newton Jones,
Tower House,
17, Oakleigh Park North, N20.

Town Hall accounting

From Mr. G. E. Tickner

Sir,—The article by David Churchill (June 14) on the auditing and accounting standards of local authorities would appear to be a fair statement, not only of the position generally but also of the present relations between the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Public Finance and Accountancy arising from this matter.

The appearance in the same issue of a *longer* article by Dr. Michael Firth dealing with the need *to restore* confidence in the auditing profession because of an *increasing* lack of satisfaction therewith underlines, I suggest, that *the* criticism by the first-named institute of the second is *both* ill-founded and ill-timed. In the same way the proposal *that local* authority accounting standards (including by inference auditing standards) be at least equal to those required for quoted public companies is hardly a worthwhile *target* to be reached in the light of the reports of *inspectors*, profit forecasts, etc. I do not recall, for example, having seen any reference to a local authority treating debts *due to it as* cash in hand or at bank in its accounts.

The principle of casting out first the mote which is in thine own eye could well be applicable in this case.

G. E. Tickner.
18, Westbrooke Court,
Crescent Road,
Worthing, West Sussex.

Battle over EEC textiles

From Dr. Richard Mayne

Sir,—In his letter (June 15) Mr. Beson alleges that the Commission made a deal with Portugal on textiles behind the backs of member States. The facts are otherwise. There is no agreement with Portugal at this stage. Member States have been *kept fully informed of all phases* of the consultations with Portugal, *and they* themselves unanimously requested the Commission to overcome a situation of deadlock through a last effort of negotiations. The results of these latest negotiations have been submitted back to member *States for approval. If accepted*, then there will be a deal with Portugal.

As regards the Community's *policy on synthetic fibres*, the European trade unions have been, and will continue to be fully consulted.

Richard Mayne,
Head of UK Offices,
Commission of the European *Communities*.
20, Kensington Palace Gardens, W8.

Professional competition

From Professor D. R. Myddleton

Sir,—There is a fallacy in Mr. S. P. Best's argument about professionalism (June 17).

Nobody objects if a group of lawyers (or dustmen) choose *to* form themselves into a *professional association, nor if* they require certain standards of their members and charge higher fees for the alleged higher quality of service. What is objectionable is for professional associations to claim the right to restrict *competition. In* a free market it is for the *customers to* decide what they want.

Even if, in terms of value for money, the present quality of service in a particular profession cannot be bettered, the argument in favour of allowing *competition remains*. For what about the future? Without competition, where is the pressure for continual improvement to come from? (What would the cheapest transatlantic air *fare* be without Freddie Laker?)

It is in this respect that Professor Hayek's insight is so penetrating: "Competition is a discovery procedure."

D. R. Myddelton,
Professor of Finance and Accounting,
Cranfield School of Management,
Cranfield, Bedford.

A question of competence

From Dr. Monica Vincent.

Sir,—Mr. S. P. Best's dustman *(June 17)* would find an Oxbridge Fellowship or Chair *extremely* tiring, as he would probably need to do a 60 hour week, *and he* would also be very bored by the conversation at High *Table*. But provided Mr. Best himself does not start his veterinary work on a bull, he would find that he soon learnt how to *deal* with minor animal disorders.

I do not *think* Mr. Whatsisname or anyone else would suggest that *difficult problems* of law, or any other profession should be dealt with by any but fully qualified people. But intelligent people *without* appropriate qualifications may quickly be able to *deal with* a limited range of less difficult work, under the control of a fully qualified person. Mr. Whatsisname may be right that most *conveyancing could be reduced to* a drill which a person without a wide knowledge of the law could follow.

Our own experience of land conveyancing has been very unfortunate, in spite of being advised by an experienced solicitor. It was not until this house was *completed under* architect control, with the build*ing plans approved by the District* Council, that we found out we had no legal rights of access to a water main. We were dependent on a supply pipe only, which was inadequate for our needs and over which we had no control. *It took several years before we* were able to connect to a new water main. Such a situation could be avoided if the position of the main services was always checked by a competent person, and way-leaves were arranged where necessary before completion. A site plan should *indicate* the position of mains services, and any way-leaves.

Except in difficult cases where there is a dispute as to title, an adequate drill is more important than high legal qualifications. But if Mr. Best could restrain his flights of *fancy and tell us* seriously why he thinks other*wise that would be very interesting*.

Monica Vincent.
The White House,
Perranarworthal, Truro, Cornwall.

Sharing out the rates

From Mr. George H. Lane

Sir,—The heartrending call from Mrs. Copeland among the letters to you to-day (June 19) regarding "rates." was greatly enhanced by your choice of heading: "The rating abomination."

I congratulate you upon the sentiment you so obviously hold and I implore you to take up the cudgel on behalf of the beaten and therefore lethargic householders of Britain.

I live in a house which is one among a number of identical houses. In some, you could find several active bread-winners, in others only retired couples or widows. The former can cope with the rates quite easily but the latter, *trying to make ends meet* on a dwindling income (pension), find it crippling.

The houses cost around £5,000 20 years ago but their value today is nearer £40,000. How can a retired person, with a few years *of lease left, find the money to* pay rates which rose from £50 per annum twenty years ago to nearly £400 now? To sell the remainder of the lease and move to some inexpensive area is not only impractical but truly cruel.

Tax must be based on whatever income a person receives and *local authorities should get their* revenues from monies collected *centrally*.

I know that politicians will find such simplicity truly abhorrent but I am convinced that the greater part of the British public would enthusiastically agree with it.

George H. Lane.
12, Petersham Place,
Queen's Gate, SW7.

Subsidising the married man

From Mr. A. Sedgwick.

Sir,—Recently I have followed the correspondence in your columns on "the Rating abomination" as you chose to call it. Far from regarding it as an abomination, *I feel it is a fairly* just tax, if perhaps a little rough.

Like the much-maligned VAT, the tax is on what you can afford, or at least appear to be able to afford. There are no allowances *for the wife, children and budgerigar*, so it is your own fault *if you live beyond your means*.

Yes, I am single and I do object to subsidising the married man. I can accept with equanimity, paying for my fair share of running the state services, even paying for the education of another's children, but paying, as I do with the unjustly biased *income-tax, for another man's* pleasure, is too much. If a man takes on the responsibility of marriage and fatherhood, he should be sure he can afford it.

Perhaps when it comes down to it, the objection that is held *against the rating system is* that it offers no subsidies.

A. Sedgwick.
8, Hampton Gardens, Prittlewell, Southend-on-Sea.

Education vouchers

From Mr. Derek Clarke.

Sir,—Joe Rogaly (June 13) is *surely correct to argue that* there is a compelling case for the Kent experiment in education vouchers.

We celebrated the centenary of State education with the launch of the adult illiteracy *campaign. No service* that was competitive and sensitive to *parent's wishes could be as* flawed as modern schools.

I am an enthusiastic supporter of the idea of education vouchers, but even if I were totally hostile to the project I am sure I would support the *experiment. The NUT predicts* chaos and failure. That would kill the voucher idea stone dead. I am sure *Joe Rogaly is on* the right track when he expresses the opinion that teachers are *so critical* because they fear a *market in education*.

The oddest feature of the voucher debate is the disdain which the Tory spokesman Mr. St. John Stevas shows to the theme. He has the chance to become a folk hero—the man *who gave the schools back to the* people, and literacy and numeracy to the children. He ought to respond to the universal parental apprehension by backing the Kent experimenters.

Derek Clarke.
58, Sheffield Terrace, W8.

Directors' responsibility

From Mr. B. A. Cole

Sir,—Mr. Lee (June 19) attacks me, but I believe he has misread by letter. I agree with *every substantive point he* makes, and continue to disagree with Mr. Webb-Bowen (June 9).

I defended British boards of directors against the sweeping attack that they are inefficient and time-serving, for which no evidence was adduced. This does not conflict with Mr. Lee's call *for directors to accept responsi*bility for improving society. The response to this call need not, however, imply any radical overthrow of our existing traditions, in industry or in politics.

I also suggested that there is a perfectly good alternative to the two-tier board system, which may be better for the UK. The desirability of outside directors with power, to judge the executive management, is common ground between us. Finally, I questioned the value of "worker directors." We *should* not assume without evidence *that they would be useful in the* UK.

My attack is not against experiment as such. It is, however, surely up to those who propose a certain experiment to give some reasons why they believe it to be worthwhile. Mr. Webb-Bowen is a managing director: it would be interesting to know if a two-tier board and *worker directors have been* introduced in his company, and *with what success*.

B. A. Cole.
"Drake Wood"
Devonshire Avenue, Amersham, Buckinghamshire.

Doubtful qualities

From Mr. H. W. Goodchild.

Sir,—I remember reading, many years ago, about a survey carried out by The Director. This survey revealed that at that time companies run by unqualified directors were better investments than those run by *qualified directors*.

H. W. Goodchild.
5, The Broadway,
Crawley, Sussex.

Life on the dole

From Mrs. Christina Lake

Sir,—I agree with Michael and Pippa Nason's suggestion (June *16) for persons receiving unemployment* benefits: "If the '*unemployment benefit*' were paid only to those willing to register for a prescribed number of hours per week . . ." As an Australian who has lived and paid taxes in this country for two years, and who has witnessed *her own country's* introduction of the dole system, I strongly feel that the dole systems as they presently exist in both countries are breeding into society a new "species"—parasitical man!

At present we are *paying* people to lose their independence in *order to survive*. Perhaps what we should be doing is either paying people to be retrained (as they are unable to obtain work in their present vocation) or paying them to do miscellaneous jobs for a "*prescribed number of hours* per week." Either way, the dole *recipients* could not be classed as, or have reason to feel like, "freeloaders," and I am sure the workforce could only be enhanced by these situations.

Some *humane* action in respect of this weakness in the *present structure of our society* is required now.

Christina Lake.
36D, Lilleville Road,
Parsons Green, SW6.

Number of Jubilee Crowns

From the Deputy Master and Comptroller, the Royal Mint.

Sir,—The final paragraph of Mr. W. F. Richardson's letter (June 14) expresses concern that the *Royal Mint should still be* offering the proof silver version *of the Jubilee Crown more than* a year after its first appearance.

The explanation is that because of the pressure of export and other essential work it became impossible for the Mint to meet all the demands for this coin last year. It was accordingly decided to extend the issue through the period of the 25th anniversary of the Coronation, and thus give everyone wishing to purchase one of the coins a *reasonable chance of doing so at* the issue price. Because of uncertainty about the *possible* extent of the demand, the size *of the issue has not so far been* announced, but it will be stated in the final advertisements due to appear next month. The figure is 500,000 which is no more than would have been struck last year had circumstances permitted.

D. J. Gerhard.
Royal Mint, EC3.

Today's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, meets delegation from British Institute of Management at working dinner, *Downing Street*.

PARLIAMENTARY BUSINESS

House of Commons: Debate on housing. Parliamentary Pensions

House of Lords: Wales Bill, committee stage. Theatres Trust Bill, committee stage. Nuclear *Safeguards* and Electricity (Finance) Bill, committee stage.

Select Committees: Expenditure, Trade and Industry subcommittee. Subject: Measures to *prevent collisions of noxious* cargo carriers. Witnesses: General Council of British Shipping, British Ship Research Association (10.30 a.m. Room 16). Nationalised Industries, sub-committee B. Subject: Future of electricity sup*ply industry. Witnesses:* Mr. A. Wedgwood Benn, Energy Secretary (10.45 am Room 8). Public Accounts Committee. Subject: Appropriation accounts 1976/77, Trading account. Witnesses: Scottish Development Agency, Scottish Economic Planning Department, Forestry Commission (after 4 pm Room 16). Parliamentary Commissioner for Administration. Subject: Ombudsman (review of *access and juridsiction*). Witnesses: Professor R. G. Gregory, University of Reading, Mr. D. W. Williams, University of Manchester (5 pm Room 7).

COMPANY RESULTS

Lindustries (full year). Tesco Stores (full year).

COMPANY MEETINGS

Albany Investment Trust, Liverpool, 2.30. American Association, 186, City Road, E.C., 12.30. Anglo Swiss, West Drayton, 3.15. Brixton Estate, 22, Ely Place, E.C., 12.15. City of Oxford Investment Trust, 41, Bishopsgate, E.C., 11.30. G. W. Collins, St. Helens, 9.30. Hawker Siddeley, Dorchester Hotel, W., 12. House Property of London, Wimbledon, 12. E. Le Bas, Savoy Hotel, W.C., 12. *London and Lennox Investment* Trust, 2, St. Mary Axe, E.C., 11.30. Seccombe Marshall and Campion, 7, Birchin Lane, E.C., 3.30. Wadham Stringer, Hayling Island, 12.

COMPANY NEWS + COMMENT

Allied Breweries £5.7m higher so far

FROM TURNOVER ahead from £668.8m to £766.3m taxable profit of Allied Brewerise advanced £5.7m to £45.1m in the 32 weeks to May 6, 1978.

Directors say progres has been steady in the period with most group products showing an improvement in volume compared with the equivalent period last year.

Before depreciation of £16.5m (£13.9m) the trading surplus was ahead from £59.7m to £68m.

After tax of £22.7m (£20.1m), minority interests of £0.4m (£0.3m), foreign currency gains of £0.3m (£0.1m loss) and gains from non-trading activities of £1.1m (£1.7m), available profit came out at £23.2m (£20.4m).

Earnings per 25p share are given at 4.13p (3.58p) and the interim dividend is stepped up from 1.25p to 1.4p net. Last year, from record taxable profits of £77.2m, a 2.6828p final was paid.

	32 wks. 1977-78 £m	32 wks. 1976-77 £m	52 wks. 1976-77 £m
Turnover	766.3	668.8	1,105.9
Trading surplus	68.0	59.7	109.4
Depreciation	16.5	13.9	22.7
Trading profit	51.5	45.8	86.7
Investment income	3.0	2.5	4.5
Associates	1.3	1.0	2.0
Finance charges	10.7	10.2	16.0
Profit before tax	45.1	39.4	77.2
Tax	22.7	20.1	35.0
Net profit	22.4	19.3	42.2
To minorities	0.4	0.3	0.8
Pref. dividends	0.2	0.2	0.4
Foreign currency gains	0.3	†0.1	†0.1
Non-trading gains	1.1	1.7	3.7
Available Ord.	23.2	20.4	44.6
Ord. dividend	7.4	6.6	20.7

† Losses.

See Lex
Statement, Page 21

INDEX TO COMPANY HIGHLIGHTS

Good start by Thos. Locker

THE CURRENT year has started with strong order books at Thomas Locker (Holdings) and Mr. B. J. Pitchford, chairman, expects results for the first half-year to September, 1978, should be satisfactory.

Although the coming year will be difficult in some areas of the group's activities, Mr. Pitchford has every confidence that further progress will be made.

For the year ended March 31, 1978, pre-tax profits increased from £2.03m to £2.37m on sales of £17.25m (£15.69m). A current cost statement shows a depreciation adjustment of £113,000, cost of sales £257,000 and a group gearing adjustment, £44,000 resulting in a reduction in pre-tax profit of £362,000.

Statement Page 22

Expansion for Irish Distillers

PRE-TAX PROFITS for the half year to March 31, 1978, of Irish Distillers Group expanded from £2,488,000 to £3,823,000, on turnover of £37.74m against £31.19m.

The directors report that although the increase in profit in the second six months is unlikely to match the first-half growth, especially in view of the rise in interest rates in recent weeks, they look forward to continued progress.

The forecasts made at the February EGM have so far been realised, they say. The company continues to make substantial progress in export markets and domestic sales have reached the directors' expectations.

In April, the "Old Bushmills" Distillery Company became a wholly-owned subsidiary, when the group acquired the minority shareholders' interest.

Half-year earnings are shown as 9.96p (6.98p) per 25p share and the interim dividend is stepped up from 1.11p to 1.57p net—last year's total was 3.5475p from record taxable profits of £4.87m.

First-half profit was struck after interest of £707,000 (£1.09m) and £342,000 (£313,000) depreciation. Tax takes £1.44m (£807,000) and minorities £96,000 (£80,000).

Electric & Gen. Investment

Gross income of Electric and General Investment Company rose from £837,391 to £859,819 in the year ended May 31, 1978. Net earnings for Ordinary increased to £337,386 from £292,257.

A final dividend of 0.9p per 25p share lifts the total from 1.3p to 1.55p. Earnings per share are shown at 1.87p (1.62p).

Value of investments were £18.59m (£16.98m) with the value of the investment currency premium per share 14.1p (14p). Net assets per share were 101.6p (92.2p).

Increase by Evans of Leeds

FROM HIGHER total revenue of £2,768,344 compared with £2,116,866, pre-tax profits of Evans of Leeds, the property investment and development group, advanced from an adjusted £1,117,770 to £1,554,455 for the year to March 31, 1978. At midway, the surplus was up by £382,924 at £692,421.

After tax and extra-ordinary items, net revenue for the year was better at £788,005 (£543,379). Stated earnings are 4.666p (3.396p) per 25p share and a final dividend of 0.797p effectively raises the total from 1.18447p to the maximum permitted 1.297p net.

The directors report there was a satisfactory conclusion to the Liverpool property arbitration, increasing rental from £90,000 to £515,000 per annum. All comparative figures have been adjusted to include rent relative to 1976-77.

Property revaluations give an uplift in fixed assets values from £10.82m to £24.62m, while shareholders' funds increased from £5.3m to £19.41m at the year end.

Capital commitments of £2.8m have been covered by long and medium term agreements reached with Eagle Star Insurance Co. and bankers.

See Lex

Radiant Metal advances to £187,328

Including a £21,145 profit on the realisation of investments against £302 last time, pre-tax profit of Radiant Metal Finishing Company for the February 28, 1978 year was £187,328 compared with £153,981.

Turnover for the year was ahead from £596,712 to £721,273 and after tax of £85,241 (£78,076) net profit comes out at £102,087 (£75,905). Other income made up £15,203 (£23,445) of the pre-tax figure.

The final dividend of 1.35p net per 12.5p share takes the total from 1.7269375p to 1.9p costing £25,840 (£23,486).

Second half slump at Michelin

After an improvement from £17.69m to £18.29m at midway a second-half slump left 1977 pre-tax profits of Michelin Tyre Company some £4.49m adrift at 30.06m. Turnover for the 12 months advanced from £299m to £342m.

Tax took £10.07m (£11.36m), minority profits £739,000 (£980,000) and dividends £3.6m (£5m), leaving the retained balance at £15.66m (£19.21m).

The ultimate holding company is Compagnie Generale des Etablissements Michelin, of France.

JANTAR-BJN

As foreshadowed in the directors report, Jantar announces that 1,472,457 ordinary shares of Bisichi Jantar Nigeria, equivalent to 60 per cent of its share capital, must be acquired by Nigerian interests to comply with requirements of the Nigerian Enterprises Promotion decree.

The Nigerian Capital Issues Commission ruling has been accepted by Jantar and the price which it should receive for its shares in BJN would be equivalent to some £124,000.

The Nigerian Mining Corporation has indicated that it is willing to purchase 1,325,211 ordinary shares of BJN at the price stipulated. The balance of 147,246 must be made available to Nigerian employees of BJN.

Detailed terms are still under discussion. When the final agreement is reached on the basis indicated, BJN will become a subsidiary of NMC and the interests of Jantar in BJN will be reduced to 490,818 ordinary (20 per cent).

Bradford Property progress

PROFITS OF the Bradford Property Trust increased from £3.89m to £4.36m in the year ended April 5, 1978, before tax of £2.17m against £1.59m.

First-half profits were £1.68m (£1.74m).

Earnings per ordinary share based on the surplus from property rentals after tax are shown as 9.15p (7.86p) and 28.87p (23.69p) based on net attributable profit.

A final dividend of 3.4107p steps up the total from 6.14389p to 6.8097p per 25p share.

Recovery at Anderson Strathclyde

A £0.84m jump in second-half profit to £2.78m has left taxable profit of Anderson Strathclyde up from £3.27m to a record £3.97m in the March 31, 1978 year. Turnover advanced 16.2 per cent from £40.25m to £46.77m for the 21.7 per cent profit rise.

At halftime, when reporting profits down from £1.32m to £1.19m, directors were confident of recouping the volume shortfall of the opening period.

They now say that an increase in volume was achieved in the second half, and that the group has now resumed its upward trend after last year's interruption.

Profit was after an anticipated higher interest bill of £0.64m (£0.41m) and is subject to tax of £0.67m (£0.94m), including £191,000 (£538,000) for overseas. Minority interests took £1,000 (£15,000).

The final dividend is lifted from 1.5355p net per 25p share to 1.832p for a total of 2.832p (2.5355p). Earnings per share are shown at 10.5p (7.3p).

A one-for-five scrip issue is proposed and directors intend—legislation permitting—maintaining the dividend on the increased capital.

● comment

Mining machinery manufacturers, particularly those with substantial sales to the National Coal Board, have been doing better than the engineering sector as a whole in the past 12 months. Anderson Strathclyde appeared to be an exception when its interim profit slipped 10 per cent on virtually unchanged turnover. But in the second half profit jumped 43.2 per cent on turnover 30.4 per cent higher. Unrest at the Motherwell factory and very flat demand in both the UK and overseas were the key factors in the poor first half. In the second half UK demand, and particularly that from the National Coal Board, improved. Profit growth was assisted by a revision of NCB contract prices. Overseas demand has remained flat and stocks have risen, pending an improvement that may accompany a world recovery. The market reacted favourably to the second half recovery pushing the share price up 4p to 62p. The p/e is 5.7 and the yield is 7.1 per cent.

LETRASET/RANDALL

Since sufficient acceptances have been received to enable Letraset International to apply the provisions of section 209 of the Companies Act 1948, it is not intended to despatch to non-accepting shareholders of J. and L. Randall renounceable certificates for the new ordinary dividend shares allotted to them under the recent capitalisation issue. This will not affect the right of non-accepting shareholders of Randall to deal in the meantime.

Freddie Mansfield

Sir John Clark, chairman of Plessey. Profits for the year to end-March were 6.3 per cent higher after a final quarter shortfall.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Breweries	1.4	Sept. 29	1.25	—	3.93
Anderson Strathclyde	1.83	Aug. 4	1.54	2.83	2.54
Attwood Garages	0.84	July 27	0.84	1.45	1.45
Bradford Property	3.41	Aug. 4	3.05	6.81	6.14
Elec. & Gen. Invest.	0.9	Aug. 10	0.8	1.55	1.3
Evans of Leeds	0.8	—	0.9*	1.3*	1.18
Greenfield Milletts ...int.	0.63	Aug. 4	0.57	—	1.75
Irish Distillers ...int.	1.57	Aug. 22	1.11	—	3.55
Plessey	2.5	Jan. 1	1.71	5.41	4.9
Powell Duffryn	6.5†	Aug. 25	5.13	10†	7.88
Radiant Metal	1.35	Aug. 5	1.22	1.9	1.73
Russell Brothers	3.28	—	3.14	4.28	3.89

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

ISSUE NEWS

Yearlings hold at 9¾%

The coupon rate on the local authority one year bonds has held steady at 9¾ per cent. This week's bonds are issued at par and dated June 27, 1979.

The issues are: City of Bristol (£1½m), London Borough of Hammersmith (£½m), Kirkcaldy District Council (£½m), Fife Regional Council (£1m), Cotswold District Council (£½m), Lanark District Council (£½m), City of Portsmouth (£1m), London Borough of Hackney (£1m), Colchester Borough Council (£1m), New Forest District Council (£¾m), South Staffordshire District Council (£½m), City of Wakefield Metropolitan District Council (£½m), Wansbeck District Council (£0.3m), Sedgefield District Council (£½m), Harborough District Council (£0.9m), Derwentside District Council (£½m), West Lancashire District Council (£½m), Mansfield District Council (£½m), Ldiw Valley District Council (£¼m), Cumbernauld and Kilsyth District Council (£¼m), North East Fife District Council (£½m).

Chorley Borough Council is raising £¼m of 11 per cent. bonds issued at par, and due on June 18, 1980.

Wear Valley District Council is raising £¼m of 11¾ per cent bonds at par, dated June 17, 1981.

Thanet District Council is raising £¼m of 12¾ per cent bonds dated June 15 1983 at par.

There are two variable rate bonds dated June 15 1983. Tameside Metropolitan Borough has issued £½m at par and City of Bath has issued £1m.

ALEX. HOWDEN RIGHTS—95.3%

Alexander Howden's rights issue of 18.1m shares has been taken up as to 95.3 per cent.

The new shares not taken up have been sold by J. Henry Schroder Wagg at a premium over the issue price. The net premium, of approximately 15.25p per share, will be distributed in proportion among the shareholders to whom such shares were provisionally allotted, except that individual amounts of less than £1 will not be distributed.

Attwood Garages

From turnover of £4.89m, compared with £4.23m taxable profit of Attwood Garages advanced from £87,028 to £89,358 in the January 31, 1978 year.

After tax of £50,379 (£41,810) net profit was £38,979 (£25,418), and earnings per 25p share are given at 1.86p, compared with 1.21p.

The final dividend of 0.8375p (same) leaves the total unchanged at 1.45p net.

Powell Duffryn up to record £15m

SLIGHTLY BETTER second-half profits of £8.74m against £8.63m, in considerably more difficult trading conditions, left the full-year pre-tax figure of Powell Duffryn ahead by some 9.6 per cent from £13.69m to a record £15.01m for the year to March 31, 1978. Turnover improved from £303.38m to £343.63m.

Sir Alec Ogilvie, the chairman, says that in the current year there are signs that the construction industry is slowly emerging from the recession of recent years. This should have a beneficial effect on some of the company's activities such as building services, contracting, timber, quarries and parts of the engineering division but on the other hand, shipping faces another difficult 12 months.

He adds that at this early stage in the year the board is prudently optimistic that the upward progression in group profits will continue.

A divisional analysis of 1977-78 trading profit of £16.19m (£14.83m) shows (in £000s): engineering £7,323 (£5,812), building services contracting, £668 loss (£566 loss), pollution control £148 (£266), shipping, wharfage and transport £1,736 (£2,213), oil and chemical storage £2,008 (£1,545), fuel distribution £3,227 (£2,506), quarries £630 (£838) and timber and builders' merchants £1,790 (£2,219).

Sir Alec reports that, once again, the engineering division was the major contributor to the group's results, with Hamworthy Engineering having a particularly successful year. The directors regard the engineering interests as a major growth area, and Sir Alec says it is good to see the divisional profits justifying the substantial capital investment made in recent years.

Other divisions with increased profits were oil and chemical storage and fuel distribution; the former benefited from eight months' trading profits contributed by the group's chemical storage installation in New Jersey, U.S., acquired in July, 1977, and fuel was helped by good weather throughout most of the year both in the UK and France.

Timber and quarries achieved reasonable profits in a difficult trading climate, while the shipping division was affected by the world-wide recession in shipping. In view of the conditions in which both the fleet and the service companies were trading, the results were gratifying, the chairman states.

Pollution control made some recovery after a shaky start and, since the end of the year, the group has disposed of the Beat-waste and industrial services divisions of its pollution control activity, thus releasing funds for more profitable reinvestment.

The group's main problem was still with building services contracting, Sir Alec adds. Of the three companies in the division, Andrews-Weatherfoil made good profits which were more than wiped out by the losses incurred by the other two companies—one in the UK and one in France. However, the directors are hopeful that the current year will show a considerable improvement in the results of this division.

A capital investment programme of £20m during the year was concentrated mainly on the engineering division and on the continuing modernisation of the fleet and transport services, as well as on oil and chemical storage expansion, principally overseas, the chairman points out.

In accordance with ED19, tax for the year takes [illegible] (restated £2.58m). After minorities, extraordinary debits and preference dividends, attributable profit emerged up from [illegible] to £11.68m — under the previous basis of accounting, the figure would have been £6.8m. All comparisons are restated on the new basis.

Stated earnings before extraordinary items are [illegible] per 50p share. As forecast at the time of the August 1977 rights issue, the dividend total is lifted to 10p (7.88084p) net on increased capital, with a final of 6.5p.

● comment

Pre-tax profits at Powell Duffryn are 10 per cent ahead with virtually all growth coming in the first six months. The company is nonetheless optimistic and capital spending this year is likely to exceed last year's [illegible]. Much of the group's profit is dependent on the construction industry and it is here, with signs of an upturn in the sector, that progress can be made in the current year. SOFEEC, the loss-making French construction company broke even in the final quarter while further improvement from Andrews-Weatherfoil could see the building division out of the red. Engineering profits have doubled in the last two years but there is still scope for expansion. Exports account for more than half the group's products here and while world demand for Hymac's excavators has not been particularly good, Hamworthy is seeing the benefits of investment. Any upward movement in sterling, however, could make life more difficult. Working capital has increased by £4m but gearing remains very low. At 189p the shares stand on a below average p/e for the engineering sector of 4.4 and yield nearly 9 per cent.

Garrard deficit holds Plessey to 6.3% increase

AFTER A DECLINE from £11.77m to £10.94m in the final quarter, taxable profit of Plessey Company advanced 6.3 per cent from £40.32m to £42.88m in the March 31, 1978 year.

The result includes the £5.6m exceptional losses incurred by the consumer electronics subsidiary Garrard, and directors say that but for this, profit would have climbed 20 per cent. After nine months the Garrard loss was shown at £2.8m.

Sir John Clark, the chairman, said later he expected Garrard to reduce its losses this year. He said the group had made management changes, cut overheads by 32 per cent, was looking to increase prices and was also looking at opportunities for a programme of product cost reduction. "We are pursuing all other commercial avenues in the company's interests."

He expected Garrard to make a loss this year, but it would be "a reduced loss."

Sales increased 7.4 per cent from £568.8m to £611.1m, with the final quarter contributing £169.5m (£160.5m). UK exports were up from £94m to £121m in the year and with the sales of overseas companies accounted for 53 per cent of the total. Overseas earnings amounted to 43 per cent of the total.

A breakdown of figures showed profits from the rental, private systems data and controls side of the telecommunications operations rose by almost £1m from £7m to £7.95m.

Profits on the public systems side dropped from £18.5m to £16.6m.

	1977-78 £000	*1976-77 £000
Sales	611.100	565.900
Trading profit	64.849	60.041
Depreciation	21.041	18.722
Operating profit	43.807	41.319
Assoc.	10.196	8.463
Interest receivable	1,749	1.472
Interest payable	10.310	8.914
Rationalisation costs	2.562	2.119
Profit before tax	42.888	46.321
Tax	14.632	12.969
Net profit	28.228	27.352
To minorities	948	986
Extraordinary losses	9.945	14.567
Telecommunications	6.966	16.084
Other	3.049	1.169
Tax	†70	‡2.578
Associates	—	†107
Attributable	17,335	11,799
Dividends	12,785	11,533
Retained	4,550	266

* Adjusted for ED19. † Credits. ‡ Certain items previously accounted for as contingent liabilities have been charged to general reserve, and pre-tax profits for the March quarter 1977 and for the 12 months to March 31, 1977, have consequently increased by £195,000 and £740,000 respectively.

Elsewhere, electronics systems and equipment turned in £12.4m against £11.4m, engineering profits were more than doubled at £5.55m against £2.25m while components were also more than doubled at £5.6m compared with £2.6m.

Consumer electronics however showed an overall loss of £4.3m compared with a loss of £465,000.

Capital spending last year was down from £34m to £28.2m.

Currency revaluation in the year is estimated to have cost some £0.8m in profits. A £6.1m (£2.6m) decrease in the net worth of overseas assets has been charged directly to reserves.

The result is before tax of £14.65m (£12.97m) and minority interests of £0.95m (£0.99m) and there were extra-ordinary losses of £9.95m against £14.57m mainly relating to business closures. Telecommunications closures accounted for £6.97m (£16.08m) and this includes an additional amount in respect of the Post Office cuts to be incurred on surplus stock, dilapidations, and the losses due to the consequential effects of implementing the full programme, directors say.

Peter Marshall, finance director said the telecommunications provisions caused by the Post Office cutbacks were now behind the group.

Attributable profit came out at £17.34m (£11.8m) and earnings per 50p share are shown at 11.6p (11.2p) before extra-ordinary items, and 7.4p (5p) after these losses.

The final dividend of 2.49883p takes the total payout from 4.9p net to 5.4059p net. If the rate of ACT is reduced to 33 per cent the final payment will be 2.57336p.

The group's order book in March was £700m, up 18 per cent on the previous year.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Baker's Household Stores (Leeds), Estates and Agency, Kenning Motor, Scottish American Investment, Throgmorton Trust, United States Debenture Corporation.

Finals:—Avana, Brown and Tawse, Burnett and Hallamshire, Durapipe International, B. Elliott, Lindustries, F. H. Lloyd, Northern Securities Trust, Rowlinson Construction, Tesco Stores.

FUTURE DATES

Interims:—

Alexanders Discount	July 3
Bett Brothers	June 25
East Daggafontein Mines	July 20
Glasgow Stockholders' Trust	†July 25
Imperial Group	July 13
Nash (J. F.) Securities	June 30

Finals:—

Allen (E.) Balfour	June 28
Baileys of Yorkshire	June 30
Bristol Evening Post	July 4
Carclo Engineering	July 10
Chubb	June 28
Daily Mail and General Trust	July 6
Halma	June 27
Rexmore	July 4
Standard Chartered Bank	June 27
Stead and Simpson	June 29
Wilson Brothers	June 26

†Amended.

Stability benefits Utd. Guarantee

The improvement in profit at United Guarantee (Holdings) in the March 31, 1978 six months was achieved primarily from the greater degree of stability within the group, Mr. H. W. King, the chairman says in an interim statement.

He says the increase in pre-tax profit from £161,379 to £192,540 illustrates that firmer management controls are having the desired result in establishing a sound base for future growth and expansion.

The turnover reduction from £2.69m to £2.45m reflects the sale of the unprofitable Cooden Motors business.

Directors' attention is now being focussed on strengthening trade in the second half of the year. While it is not possible to achieve profits equal to the first six months, indications are that there will be an improvement on last year's second half profit of £36,161 this time, he says.

U.S. exempt fund from Hambros

Hambros Unit Trust Managers is the latest unit trust group to cash-in on the current popularity for investment in the U.S. But it is aiming for the pension fund market rather than the individual and has launched its second exempt fund the Allied Hambro U.S.A. Exempt Fund.

The aim of this trust is to enable pension funds and charities to invest in North America without having to build up the necessary resources and expertise to take the best advantage of investment opportunities. The policy is to secure capital growth and the managers will use investment currency and loans in varying proportions, depending on circumstances. Initially investment will be financed predominantly through loans.

The fund will be managed by Mr. John Gurney, the investment director responsible for managing the successful Securities of American Unit trust. He considers that American equities are still attractively priced despite the recent Wall Street rally.

At present there are only three or four exempt trusts available to pension funds that invest in North America and a similar number that offer international investment. The minimum initial investment on this new fund is £1,000 and there is a facility to have income automatically reinvested.

Gt. Northern Inv. improves

Subject to tax of £611,758, against £579,911, revenue of Great Northern Investment Trust improved from £1,517,680 to £1,696,900 in the half year to May 31, 1978.

Net asset value per 25p share at halftime was 139p and the net interim dividend is raised to 1.29 (1.15p).

WGI sees another good year

ANOTHER successful year is expected at WGI for 1978-79, and the future should be bright, says Mr. F. P. S. Stammers, the retiring chairman.

The group began the year with a record level of orders but the spread within the operating units was not ideal and the margins in some cases were thinner than desirable.

There are some signs of a recovery in the level of activity in the UK piling market and the civil engineering division is obtaining its full share of the work. Work overseas has increased, contracts having been completed in Bahrain and Poland, and work started in Jeddah, says Mr. Stammers.

The Singapore company suffered in 1977-78 by having to move its works and depot, but it is now operating on a much higher workload and should continue to do so for some time ahead.

The refractories division may find it difficult to beat its own record this year. So far orders are holding up, in spite of the depressed state of the steel industry. New and improved plant is being installed progressively and coming on stream and new products have been introduced to meet changing requirements.

Overall the orders on hand in the process engineering division are at a higher level than in previous years and the directors expect these companies to continue their progress.

In spite of some lack of confidence generally in the industries served by the mechanical and structural engineering division the group has continued to win orders and the division is expected to improve profit performance.

The directors are recommending that in future the level of fees paid to non-executive directors, currently limited to £2,500 for the chairman and £2,000 for others, should be left to their discretion to permit more flexibility in securing people of the right calibre.

With external sales better at £23.87m (£21.79m) taxable profit for the year to March 31, 1978, advanced to £1.2m (£762,602)—as reported June 13. The net dividend is raised to 5.8p (5.2p) per 25p share.

On a current cost basis profit was reduced to £750,000 by additional depreciation of £279,000 and extra cost of sales of £323,000 less a gearing adjustment of £155,000.

At year-end bank, deposit and cash balances were up at £895,586 (£251,692) and bank overdrafts amounted to £608,684 (£397,823).

Meeting, Wilmslow, on July 13 at noon.

Tricentrol ups valuation of reserves

BY RAY DAFTER, ENERGY CORRESPONDENT

TRICENTROL, a UK-based exploration and production company, has increased the valuation of its North American oil and gas reserves by £6.5m to £30.5m.

Prior to June 1975 the reserves were valued at a discounted £10m, but in February 1976 it was announced that the oil and gas deposits were worth nearer £24m. Tricentrol said yesterday that its latest calculation related to proven recoverable reserves only. No production had been attributed to probable and possible reserves.

In a letter to shareholders the company also stated that the undiscounted total of net operating cash flow from these reserves in the U.S. and Canada could amount to £102.5m. over the coming years. Some £61.3m. would come from Canadian fields.

Tricentrol said that the future price of crude oil and natural gas was a matter of "some speculation." In Canada calculations had been made on the basis that the Canadian Government would allow prices to increase progressively to world levels by 1982. A crude price of $12.75 a barrel and a gas price of $1.60 per million cubic feet in the second half of 1978 had been assumed to escalate to $22.78 a barrel and $2.90 per mcf by 1990.

The statement added that in the U.S. energy policies made it difficult to assess future crude prices. Contract price levels with limited escalation had been assumed.

*Tanker Thistle Star is due to arriver in Rotterdam today with 637,000 barrels of Tricentrol crude from the North Sea Thistle Field. The cargo, the first consignment of Tricentrol oil from the field, has been sold to the British National Oil Corporation under the State participation arrangements.

WITAN INV.

Subject to the declaration of the final dividend for the year to April 30, 1978, by Witan Investment Company, 50,736 "B" ordinary shares will be allotted on August 1 to "B" ordinary holders at the rate of 0.0181723 of a share for each one held.

Jersey Gen. Inv. Trust cautious

Directors of Jersey General Investment Trust are cautious about the immediate outlook, but Mr. Maurice Letto, the chairman, says that its portfolio of quality investments should stand it in good stead.

In the UK political considerations are clouding the outlook and in the U.S. a positive confident outlook is still lacking.

He believes there are signs of that fundamental values in the U.S. stock market are beginning to be recognised and that confidence is showing some signs of restoration.

As previously reported taxable revenue of the trust in the April 30, 1978, year was £0.85m (£0.79m).

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Decline at London Interstate

After a £168,000 provision for doubtful debts, against £150,000 previously, and subordinated debenture interest of £46,345, compared with £73,110, pre-tax profit of London Interstate Bank dropped from £424,876 to £308,578 in the March 31, 1978, year.

Mr. Ben S. Barnes, the chairman, says that during the year the quality of assets, liquidity and flexibility were enhanced at the expense of profits, and that the strength of sterling was the principal reason for the decrease.

The result is subject to tax of £166,615 (£237,000).

At balance date current and deposit accounts were £69.72m (£55.02m), while loans and advances were ahead from £1466m to £22.28m and deposits with banks were £11.8m (£5.34m). Medium-term loans stood at £25.4m (£23.25m).

Winding up orders

Orders for the compulsory winding up of 33 companies have been made in the High Court. They were:

Afdel Fire Alarm Company, Bon D'Elle, Harrison Construction (Midlands), B. B. Loukes (Plant Hire), Displaymatics Manufacturing, G. A. Lombardi, JLP Developments, Markward Properties, BPS (Building Project Services), RAJ Property Company, Wharton and Co. (Pattern Makers), Worklane, ED Gowns, Williams Dunn, Minterdart, Slough Carpet Warehouses, Surgrue Investments Huntershurch, Lenorstar Transport, Viestate, Dawn Insulation, York Road Hardware (Newport).

Yells Bros., Allard Motor Company (1973), Sherwood Securities, CEP Transport, Distaid (Distribution Aids), Hancocks Shipbuilding Company (Pembroke), Mohiar, Tach Services (Tools), Chaseworth, Gaftglow, and Ridgebridge.

Compulsory orders for the winding up of Lilywood and of Integrated Reclamation and Dredging Company, made on June 12, have been rescinded and both petitions have been dismissed.

● SEAFORTH MARITIME

Fresh capital from Finlay

BY BILL HALL

James Finlay's £7.9m agreed bid for Seaforth Maritime highlights the financial strains facing small, fast-growing companies operating in a relatively high risk area like the North Sea.

Seaforth Maritime was formed in 1972 with an initial capital of £1m and the declared aim of enabling Scottish capital to participate in the North Sea oil boom. The prime movers were Iain Noble, a Scotsman who was a co-founder of merchant bankers, Noble Grossart, and two Glasgow shipping companies, Lyle Shipping and Hogarth Shipping. The two companies put up just over 60 per cent of the capital and the rest was chipped in by Scottish financial institutions.

Seaforth started off in the supply boat business servicing the growing number of offshore oil rigs, and soon diversified into engineering (it is the country's largest manufacturer of saturation diving systems) and offshore logistics. In its first couple of years it grew very fast and was looked upon as a textbook example of Scottish oil initiative. Then disaster struck.

In the autumn of 1975 the Drypool group of shipbuilders, which were building two ships for Seaforth at fixed prices and on which substantial progress payments had been made, ran into financial difficulties. Eventually the ships were delivered but at a considerably increased price. The company's shareholders had a £0.6m rights issue at 300p in February, 1976, but this was not enough to put the company on a sound financial footing and Seaforth was faced with the option of either cutting back its activities drastically or seeking additional risk capital. In the event, it negotiated a convertible £1.7m loan from the Department of Energy.

With this backing the company's future was assured and between 1975 and 1977 its pre-tax profits more than doubled. However, its ability to raise extra capital in what is inevitably a cash hungry business (its latest ship the Seaforth Clansman cost over £6m) was constrained by the reluctance of shareholders to pump in extra equity.

Its two major shareholders are operating in the very depressed bulk shipping industry and obviously face conflicting demands for capital. Seaforth has to some extent got round the problem by going into joint ventures which reduces the total cost and leasing ships. In addition to capital employed of around £11m the company has another £9m of leased assets off its balance-sheet.

However, there is a limit as to how much more off balance sheet financing it could do without further financial backing and this is where Finlay comes in. It had looked at Seaforth Maritime 18 months ago but it seemed as if it would have to content itself with a minority stake.

Finlay has extensive Far Eastern and African tea plantation interests some of which were passing into local control and it badly wanted to use some of its rising cash balances to diversify. It already had a stake in the North Sea via its 5.8 per cent investment in London and Scottish Marine Oil and as a Scottish company there would be less local opposition to the takeover of Seaforth Maritime. It liked the look of Seaforth and reckoned that it was at the crossroads. Either it had a sizeable injection of capital or else it just stayed where it was.

The terms of the deal are rather complicated. Finlay is offering 121 of its ordinary shares for 100 ordinary shares in Seaforth. Holders of 1.48m shares (78.9 per cent) have accepted the offer and arrangements have been made for some of the Finlay shares issued in consideration to be placed at 340p against last night's price of 352p. Lyle Shipping is using part of its proceeds to pay off its bank overdraft.

In addition John Swire and Sons and British and Commonwealth Shipping Co. via its wholly owned subsidiary Bricomin Investments have undertaken to purchase sufficient stock so that their percentage holding in Finlay's enlarged issued ordinary share capital is maintained at 29.94 per cent and 10.61 per cent. The deal values Seaforth ordinary shares at 411p and the convertible non-voting shares at 265p. It is not yet clear what the Department of Energy will do with its convertible loan.

The final strand in the deal involves Taylor Woodrow which is already involved with Seaforth via a joint venture, Seaforth-Taywood, operating in the offshore maintenance field. Finlay has agreed to sell 30 per cent of Seaforth to Taylor Woodrow for £2.3m and will grant options for Taylor Woodrow to acquire a further 15 per cent of Seaforth.

Although the move will not have much impact on Finlay's profits in the short term (last year it made £15.8m compared with Seaforth's £0.8m) it does mark a significant step and the promised 129 per cent increase in the dividend (legislation permitting) will finally put Finlay shares on a comfortable yield. At the underwriting price of 340p the yield would be 6.6 per cent which is in line with the overseas traders sector.

The benefits for Seaforth Maritime should be more visible. Finlay and Taylor Woodrow intend to expand Seaforth's operations and turn it into a major energy service group. To this end, significant capital spending is contemplated (say £12m) over the next two to three years. At the moment, Seaforth's return on shareholders' funds is only some 7 per cent but Finlay hopes that it will soon rise to 15 per cent or so.

The moral of the Seaforth Maritime deal is that when companies such as this were established in the early heady days of the North Sea oil boom, investors considerably underestimated the sums of money which would be needed to keep pace with the fast changing technological developments in the offshore industry.

SEAFORTH MARITIME

	1973 £m	1974 £m	1975 £m	1976 £m	1977 £m
Turnover	1.7	4.2	6.7	12.4	16.5
Pre-tax profit	Loss	0.11	0.31	0.56	0.79

Expansion plans continue at AB Foods

THE SATISFACTORY results of Associated British Foods for 1977-1978 again demonstrate the group's activity and strength across a wide segment of the food industry, Mr. Garry H. Weston, the chairman, says in his annual report.

The results also reflect the policy of continued heavy investment in fixed assets on which long-term earning growth in the group's industries so heavily depends, says Mr. Weston.

For the year ended April 1, 1978, pre-tax profits amounted to £77.63m compared with the previous year's record £80.36m from sales of £1.68bn, up from £1.49bn. The net dividend total is 2.3281p (2.0754p).

A current cost statement of profit shows depreciation adjustment of £20m, cost of sales adjustment, £19m and a gearing adjustment of £8m giving an adjusted profit before tax of £47m.

Mr. Weston says profit growth will be achieved in the current year "although overall volume growth in the food industries in the countries in which we operate continues to remain almost static and the combined effect of Government regulations and severe competition make the attainment of btter trading margins difficult."

Capital expenditure was maintained at a high level and exceeded £70m compared with £62m previously. In the UK, it was possible to cover capital expenditure of £44m and an increase of £12m in working capital without any increase in borrowings.

Overseas it was necessary to increase borrowings by £23m to fund £27m capital expenditure and working capital increased by £11m.

On the group's bakeries in the UK, the chairman says heavy investment continues together with modernisation and cost reduction. Some 100 smaller bakers' shops were closed during the year though many were replaced by larger units and sales through these continue to show good growth.

Recent developments offer the opportunity for a more balanced, sensible and viable bread industry, says Mr. Weston. "We hope that after the first phase of readjustment, some measure of profitability will return to the industry."

Substantial capital expenditure continued in the milling division and operations have been strengthened by the completion of the major work at Healings Mill, Tewkesbury. Burton's Biscuit Company again achieved a "commendable increase" in the value and volume of sales while the Ryvita Company had record sales, both at home and overseas.

Further expansion in output is planned with extra baking capacity being installed at Poole, the chairman adds.

The Twining group maintained its steady progress. Continued success in exporting has necessitated expansion of production and orders have been placed for a substantial increase in plant capacity.

It was a difficult year for the frozen foods industry and profits from Anglia Frozen Foods were lower than budgeted. The packaging companies were also adversely affected by the downturn in the economy.

On the retail and wholesale side, the group opened five superstores during the year. Fine Fare plans to open a further six superstores during the current year and increase the Shoppers Paradise division to 130.

The group's overseas sales totalled £585m and profits, £40.9m compared with the previous year's £526m and £41.4m respectively. South Africa contributed £28m or 67 per cent and Australia and New Zealand, £10m or 25 per cent. The rest of the group's overseas interests contributed 8 per cent.

Wittington Investments owns 71 per cent of shares. AB Foods has close status.

Meeting, Connaught Rooms, WC, July 14 at 11 am.

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'Creditable' first half by Greenfield

The six months to April 30, 1978 at Greenfield Milletts results in a marginal improvement in pre-tax profits from £316,000 to £326,000.

The directors describe this rise as "a creditable performance" and point out that last year's first half was exceptional. The attractive exchange rate encouraged more tourists to the West End of London; also the 1976 long hot summer caused retailers to replenish supplies from the company's wholesale division L and M. Steiner.

In addition during the six months under review expenses were incurred in opening two new warehouses, one for retail and the other for wholesale.

It is explained that these were opjened in readiness for the group's planned second-half expansion. Currently six new retail units are under negotiation and three existing branches are being doubled in size. The group's sales area will be increased substantially by the end of the year.

Inevitably these setting-up costs will have a bearing on second-half figures, but the operations will provide the basis for further growth, the directors state.

The interim dividend per 10p share is stepped up from 0.5695p to 0.6265p net on earnings shown to be unchanged at 1.47p per 10p share. Last year's total payment was 1.75p on profits of £955,000. In May a scrip isue on the basis of one 10 per cent cumulative preference share for every 12 ordinary shares was anounced.

Turnover for the first half rose from £4.81m to £5.08m. Tax took £169,000 (£164,000) leaving the net balance at £157,000 (£152,000).

The group operales as a retailer and wholesaler of leisure and camping equipment.

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Lines Bros. creditors get final 10p

Mr. Paul Shewell of Coopers and Lybrand and Mr. Michael Jordan of W. H. Cork Gully and Co., the joint liquidators of Lines Bros. announce the repayment in full of the claims of the unsecured creditors of the company, including the holders of the unsecured loan stock. Creditors have already received 90p in the pound and the balance has been despatched to creditors.

This means that claims totalling £14,475,000 have been settled by the joint liquidators. The further moneys still remaining in the liquidators' hands will be applied to meeting in part claims from creditors who are legally entitled to interest on their debts. There will be no distribution to the holders of the preference and ordinary shares.

BARRO EQUITIES

The liquidator of Barro Equities states that any final distribution will be extremely small. The total distribution to date is £2.23 per £1 share.

Capital & Counties to improve

WITH A full year's benefit from reduced interest charges, net income of Capital and Counties Property Company from property holding should show a further substantial improvement during the current year—though this may be partly offset by a lower contribution from housebuilding, says Mr. Keith Wallis, chairman.

As reported on May 27, lower interest for the year to March 25, 1978, helped the company turn round from a loss of £4.2m to a taxable revenue of £3.07m.

Looking ahead the target is to build up an increasing flow of profits based on the restored strength of the balance sheet and deriving from the investment portfolio and trading activities, including housebuilding and property dealing.

Mr. Wallis points out that the property market is currently a very competitive place. Nevertheless, the directors are continuing to look for and are finding new business which will yield a worthwhile return.

In order to achieve this they are concentrating their attentions where they have special expertise —in particular the London area and shopping centre projects.

Last year following the sale of the Knightsbridge Estate and the refinancing of the Victoria Centre, Nottingham, group borrowings were reduced by £46.5m, including £22.8m repayable in foreign currencies. By the end of March, 1978, borrowings had been further cut to £42.9m of which foreign currency loans amounted to £19.2m.

Since the year-end the major portion of the Hamburg site has been sold for DM 26m thus eliminating another £6.7m from both total and foreign currency borrowings. The remaining foreign currency exposure consists largely of the outstanding balance of US$ 22.1m of 9 per cent guaranteed bonds 1979-88.

The directors took advantage of the recovery of sterling during the year under review to repurchase US$ 2.9m nominal of these bonds at a discount and to repay a US$ 3.5m loan, also at a discount.

The accounts were qualified by the auditors for the same reasons as last year.

The AGM of the company will be held at St. Andrews House, SW, on July 24 at noon.

H. SYKES BUYS SAUDI STAKE

Henry Sykes, the pump manufacturing group, is to take a 40 per cent stake in a £250,000 joint venture with Oasis Trading Establishment of Saudi Arabia.

Henry Sykes said yesterday that Saudi Arabian sales last year accounted for some £400,000 of its total Middle East sales of £4.2m. The company expects the new associate Oasis Sykes, which will be operational on July 1, to improve on that sales figure. Besides marketing Henry Sykes' products, Oasis Sykes will undertake ground dewatering and contracting.

Oasis Trading, which will be the controlling shareholder, has been Henry Sykes' distributors in Saudi Arabia for the past six years.

JOKAI/LONGBOURNE

Jokai Tea Holdings and Longbourne Holdings announce that the proposed merger by means of a Scheme of Arrangement was approved at shareholders' meeting on June 19, 1978. Accordingly appropriate steps are now being taken to obtain the sanction of the Court.

MINING NEWS

'Tanks' needs to keep irons in the fire

BY KENNETH MARSTON, MINING EDITOR

DESPITE LAST year's modest fall in net profits to £2.25m from £2.39m and a reduction of 1p to 10p in the dividend, the shares of Tanganyika Concessions continue to attract a fair amount of market interest thanks to hopes regarding the company's diversification which is now reflected in a proposal to change the name to Tanks Consolidated Investments.

Much of this interest springs from "Tanks" stake of 8.4 per cent in the Ashton diamond venture in Western Australia in which Conzinc Riotinto of Australia has an interest of 52.6 per cent. "Tanks" points out that the project is still far from being commercially exploitable and "substantial" further expenditure is needed, but "prospects of ultimate success are encouraging."

Of the company's traditional interests, the Benguela Railway in Angola continues to operate under great difficulties within that country, but has carried no international traffic since the frontier was closed in 1975. No income is being received from the railway whose future depends upon the resumption of international traffic.

The major investment of "Tanks" continues to be 17.6 per cent of Belgium's Union Miniere which last year reduced its dividend to BFr 500 from BFr 500. After having faced possible closure as a result of low copper prices the latter's younf Thierry mine in Canada is currently yielding a small cash flow. The modest-sized Oracle Ridge copper venture in Arizona, in which UM has a 40.5 per cent stake, is due to reach production in 1980.

In the UK the Elbar Industrial group, in which "Tanks" now has a stake of 59.4 per cent, has reorganised its financial resources "to allow further growth in business." Meanwhile, "Tanks" still awaits success from its participation in the North Sea oil and gas search.

"Tanks" gives no forecast of current year's prospects in its latest annual report and there seems no reason to expect any improvement in earnings. It remains to be seen whether the attractions of the group's various speculative irons in the fire will maintain interest in the shares which were 156p yesterday.

QUEBEC HELPS ORCHAN MINES

The provincial Government of Quebec is making further interventions in the local mining industry, reports Robert Gibbens from Montreal.

In the first place it is making a grant of C$344,000 (£167,425) to help keep open a zinc mine owned by Orchan Mines, a Noranda unit. The company had planned to shut the mine for 18 months and lay off 175 workers because of the depressed level of the metal price.

The second move is likely to be in the asbestos industry. Industry sources said that General Dynamics, a U.S. corporation, expects shortly to begin preliminary negotiations with the Quebec Government on the takeover of its subsidiary, Asbestos Corporation.

The takeover would be effected by the new National Asbestos Corporation, which is owned by the provincial Government. This will be the first direct negotiations between the two sides, both of whom have been preparing their valuations.

Shell Coal's Swaziland coal find

SHELL COAL, which maintains an extensive prospecting programme in southern Africa, has discovered an anthracitic coal deposit in Swaziland and is carrying out feasibility studies to determine whether or not it can be economically mined, reports Richard Rolfe from Johannesburg.

No reserve figures are yet available, but reports suggest that a relatively small mining operation is being considered, probably up to about 0.5m tons per year.

A major constraint is the availability of a rail link to the deposit, which lies under sugar-cane lands about 20 miles north of the railway from Mbabane in Swaziland to Maputo in Mozambique. Estimated costs of the rail link are put at about R30m (£18.8m).

Shell Coal, a subsidiary of the oil major, is also examining large low-grade coal occurrences in Botswana. Its main project in the region is the Rietspruit Colliery with Rand Mines, which comes on stream later this year and will build up to 5m tons of export coal annually.

GOLD OUTPUT RISE HALTED

The steady rise in South African gold output was checked last month, the latest statistics from the Chamber of Mines reveal.

Output during May at 1,900,385 oz was 58,211 oz lower than in April, the first decline after five successive months of rises.

But the cumulative total of production for the first five months of the year at 9,373,242 oz is still higher than in the comparable period of 1977, when the total was 9,072,963 oz. However, output in 1977 was exceptionally low.

NANISIVIK PAYS DEBTS ON TIME

Nanisivik Mines, the Arctic lead-zinc producer, is making enough money to pay interest on loans and make the first mandatory payments on the principal, reports John Soganich from Toronto.

A statement to this effect was made by Mr. C. Franklin Agar, the president of Mineral Resources International, the Toronto company which owns 59.5 per cent of the operation. Other shareholders are the Canadian Government, Billiton and Metallgeselischaft.

In fact there was a small operating loss last year and a further loss of C$2.2m (£1.07m) in the 1978 first quarter, largely owing to a 31 per cent decrease in the European producer price for zinc between the start of production in October 1976 and the last payment period for concentrates shipped in 1977.

Mr. Agar anticipates some strengthening in zinc prices by the time Nanisivik ships and sells concentrates in the last quarter of this year and the first quarter of 1979. Meanwhile a concerted effort is being made to control and reduce operating costs, he said.

In other areas of its activities, Mineral Resources is negotiating to bring a magnesite property in British Columbia to production and has purchased a two-thirds interest in U.S. coal properties with reserves of 16.5m tons and two producing mines.

ROUND-UP

Gecamines, the state-owned Zairean minerals producer, is seeking a further $46m (£25m) in loans from foreign banks to help finance its five-year development plan. Negotiations, expected to take a year, will be with the World Bank. The group has already received $220m from foreign banks.

* * *

Two Malaysian tin producers have announced increased pre-tax profits. In the year to March, Kuala Kampar Tin Fields made M$2.7m (£615,385), compared with M$1.4m the year before and recommends a final dividend of 30 cents (6.83p) gross. Kramat Tin Dredging made M$3m (£683,760) against M$601,765 and recommends a final of 20 cents (4.55p) gross.

* * *

Seltrust Engineering, a subsidiary of Selection Trust, has set up Seltrust Consultants, bringing together consultants from the disciplines of geology, mining, mineral processing and extractive metallurgy.

* * *

At yesterday's meeting of Beralt Tin and Wolfram the chairman, Mr. L. G. Stopford Sackville, said that production at the Portuguese wolfram mine is still below budget. A further wage settlement will, it is hoped, be negotiated within the framework of the Portuguese Government guidelines. He added that the overall picture was "still reasonably healthy" and was confident that satisfactory profits could be attained this year, given fair prices for wolfram.

* * *

Bond Corporation Holdings of Perth, which is acquiring a 25 per cent stake in Endeavour Resources, the Melbourne mining and exploration company, has paid a second instalment of $A500,000 (£310,620) on its purchase. The instalment was due for payment next year.

* * *

In New York, Continental Copper and Steel Industries said it had decided to write off its investment in the 59 per cent owned Minera Sagasca of Chile, which operates a loss-making copper mine. After tax benefits, the write-off is $6.7m (£3.65m).

SHARE STAKES

Harrisons Malaysian Estates—Following further acceptances of offer, Harrisons and Crosfield is now interested in 102.97m (61.68 per cent) shares.

Blackwood Hodge—As a result of the capitalisation issue, J. H. Robertson and other (the Mary Sunley family settlement) has acquired 3,804,022 shares and now holds 11,412,062 (19.0 per cent) shares. J. H. Robertson and others (the Bernard Sunley family settlement) has acquired 3,751,749 shares and is now interested in 11,255,248 (19.7 per cent) shares.

Hunting Gibson—MIT Securities has disposed of 77,500 ordinary shares reducing its holding to 77,500.

Grange Trust—Courtaulds CIF Nominees is interested in 485,000 (5 per cent) ordinary stock units.

Ewart New Northern—Northern Bank Development Corporation acquired 70,900 ordinary shares and now holds 112,900 (just over 17 per cent).

Smith St. Aubyn and Co. (Holdings): Hambros Investment Trust has sold 133,120 9½ per cent cumulative redeemable 2nd preference shares (9.86 per cent).

Francis Industries: West City Securities has sold 40,000 ordinary shares reducing its holding to 790,418 (10.59 per cent).

Drayton Far Eastern Trust: Scottish Amicable Life Assurance Society has sold its holding of 960,000 ordinary shares (8 per cent).

Homfray and Co.: Mr. D. E. Gillam, a director, has notified that 51,060 ordinary shares have been transferred from a family trust to a beneficiary—his share interests are 418,025 (2.71 per cent) beneficial ordinary shares and 481,280 (3.12 per cent) non-beneficial ordinary shares. Mr. H. J. H. Gillam has notified that 79,880 ordinary shares have been transferred from a family trust to a beneficiary—his share interests are 342,637 (2.22 per cent) beneficial ordinary shares and 1,055,294 (6.84 per cent) non-beneficial ordinary shares. Mr. C. J. Gillam has notified that 130,940 ordinary shares have been transferred from family trusts—he is now beneficially interested in 2,354,552 ordinary shares (15.27 per cent). Transactions notified by Mr. D. E. Gillam and Mr. H. J. H. Gillam are duplicated with those advised by Mr. C. J. Gillam.

Leisure Caravan Parks: Mr. P. W. Harris, director, has sold 15,000 shares and Mr. D. C. R. Allen, director, sold 15,000 shares.

Debenture Corpn.: Standard Life Pensions Fund purchased a further 70,000 ordinary shares.

Appleyard Group of Companies: Mr. K. R. Broadley, director, sold as a trustee, 24,140 ordinary shares.

Bunzl Pulp and Paper: Mr. G. G. Bunzl and Dr. F. A. G. Scheenberg, directors, disposed of a non-beneficial interest of 25,000 ordinary shares from a joint holding.

Nottingam Brick Company: Lloyds Register of Shipping Superannuation Fund Association acquired 2,750 shares, total holding 49,000 shares (6.22 per cent).

Robert McBride (Middleton): Abingworth on June 5 acquired 50,000 shares making holding 500,000—inclusive of 300,000 scrip issue.

Yule Catto and Co.: Kuala Lumpur Kepong has increased its holding of Ordinary shares to 4,067,416 (25.12 per cent).

Midhurst White Holdings: On June 8 Lynsal sold 5,000 shares and GCT Investments sold 50,000 shares. On June 9 GCT sold 50,000 shares. Lynsal now holds 515,000 shares (6.85 per cent) and GCT 450,000 shares (5.99 per cent).

Bamfords: Beth Johnson Foundation sold 300,000 shares on June 12.

United Carriers: Transport Development Group now holds 1,432,700 ordinary shares (11.68 per cent).

Great Northern Telegraph Company, which through a number of years with its 25 per cent share holding has been the greatest shareholder in A/S Laur. Knudsen Nordisk Elektricitets Selskab, has purchased the majority holding in that company. Consolidation of the ownership of A/S has been carried out at the instigation of a few of its largest shareholders and their blocks of shares, together with a few other blocks, bring Great Northern's holding up to 53 per cent of the share capital.

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BIDS AND DEALS

Audiotronic's cash infusion

The equity infusion into Audiotronic Holdings, the company which owns the Lasky chain of hi-fi shops, was arranged over the weekend and under great pressure. It was only three weeks ago that the management discovered the full cost of Audiotronic's ill-fated venture into France. The operating loss, since Audiotronic's deal with the receiver of King Musique was clinched last June, was around £850,000.

The price of pulling out of France is a maximum loss of £1.5m—defined by the venture's debt to the parent plus the French bank borrowing guaranteed by the parent. This compares with Audiotronic's net worth in the last accounts of £2.1m. It was important to the chairman, Mr. Derek Smith, and to his advisers, Singer and Friedlander, that they succeeded in putting the company on a firm financial footing before news of the withdrawal from France became known.

By last Thursday a takeover—by an unnamed bidder—was all arranged, but on Friday the bidder pulled out: The French receiver of King Musique had already been informed of Audiotronic's decision and announcement was clearly imminent. It was therefore in some haste that Singer and Friedlander turned to Mr. Geoffrey Rose and his American colleagues. The merchant bank had already got to know them over a similar cash injection into the electronics company Crellon Holdings.

Over the weekend these participants hammered out the deal announced yesterday. Audiotronic will raise £1.5m by issuing 15m 12 per cent (with related tax credit) 10p cumulative preference shares each of which will be entitled, in addition, to the dividends paid on the ordinary. On redemption in 1985 every four of these preference shares will carry the right to subscribe for one Audiotronic ordinary share at 20p. This compares with the price last night of 25p.

If these rights are fully exercised the holders of the new preference will be left with 25 per cent of the increased share capital of Audiotronic. Mr. Geoffrey Rose and his colleagues Mr. Dan Sullivan and Mr. Benson Selzer are taking up 2.5m of these preference for £250,000 pounds. The rest will be placed by brokers Buckmaster and Fuller with individuals and with institutions at par.

These three men will be joining the Audiotronic Board and Mr. Rose will take over from Mr. Derek Smith as chairman, though the latter will remain a director. Mr. Rose says that he is "no non-executive chairman" and that he will "get stuck in and help run it." Both Mr. Rose and Mr. Smith maintain that there is nothing wrong with Audiotronic if the unfortunate business in France is excluded.

Mr. Smith said yesterday that but for France Audiotronic would have made a profit in its transitional accounting year of 14 months to February 28, 1978. This profit would have been smaller than the £1.1m pre-tax that the company reported the previous year, but would nevertheless have represented a turnaround from the loss of £92,000 reported at half time. The ex-chairman also predicted that the company would return a profit in its current business year.

Describing the French venture which got Audiotronic into this predicament, Mr. Smith said that he had been eyeing the French market for some years before the collapse of King Musique provided Audiotronic with an opportunity. In June last year Audiotronic made an interim arrangement with the receiver of King Musique, a company which had attempted to under-cut the French hi-fi market through a chain of 50 shops.

Audiotronic rented use of these shops, took on King Musique's head office staff, bought the company's stocks and added more of its own. Mr. Smith explained that Audiotronics had planned to reduce the number of King Musique stores from 50 to 17. It had, however, had great difficulty with French "red tape" in doing this. He added that things might have gone better if Audiotronic had appointed a French top manager to run the French company, Lasky's S.A. The full measure of this company's problems became clear, he explained, when the audited figures for the period till February 28th became available. They showed that the gross margins on French sales had been far below the top management's assumptions.

Mr. Michael Adler, the director of Audiotronic who was responsible for the French operation, has resigned. The resolutions needed to issue the new preference shares will be put to shareholders but directors owning more than 50 per cent of the shares have stated that they will vote in favour.

Meanwhile shareholders of Crellon Holdings, another company in which Mr. Geoffrey Rose is involved, have passed the resolution enabling the issue of £790,000 12 per cent convertible cumulative participating preferred redeemable shares to take place.

Commenting after the EGM, Mr. Geoffrey Rose, chairman of Crellon said: "Crellon's difficulties were compounded by the inadequate equity base. However, thanks to the City and to the underwriters of the issue this equity base has now been increased by approximately 120 per cent and the company's banking facilities have been further strengthened.

"There are therefore now adequate financial resources to ensure that the turn-round to profitability is completed and indeed the electronics division has already shown considerable improvement."

Mr. Rose said he is confident that Crellon's longer term prospects are promising.

Tridant Printers chief offers 63p

Mr. Remo Dipre, the property man who became chairman and managing director of Tridant Group Printers when he bought a quarter share in Tridant in early 1974, has made his long expected bid for the remainder of the equity, but he is meeting opposition from the independent directors.

Yesterday he announced an offer of 63p in cash for each of the 3.1m shares he does not already own either directly or through his private company, Starwest Investment Holdings. (Altogether his present holdings amount to just over 29 per cent.) The price values the company at £2.75m. On the news the shares rose 15p to 70p.

Three of Tridant's directors are also involved in companies which have links with Mr. Dipre's Starwest and are staying disengaged from the bid battle now emerging, but the four independent directors, advised by Lazard Brothers, immediately claimed that the price was too low.

Last Wednesday Tridant revealed its figures for the year to March. On turnover up from £10m to £11.05m, pre-tax profits dropped by 43 per cent to £404,000. Though the dividend was maintained, earnings per share declined to 4.23p where the Starwest offer provides an exit p/e of 15.

The full financial position of Tridant will not be clear until the report and accounts are published on June 26 but the opponents of Mr. Dipre's offer claim that the exit p/e does not fully reflect the prospects of Tridant following a delayed capital expenditure programme. Neither, according to them, is it generous in the face of the value the market places today on newspaper companies. Tridant publishes three bi-weekly newspapers in South London and the Home Counties.

Between them the independent directors control just over 20 per cent of the shares, largely through the 20.2 per cent stake owned by Chirit Investment, itself owned by Mr. A. M. Carey, the deputy chairman.

One ironical footnote to the bid is that it comes shortly after Mr. Dipre, as chairman of Tridant, had finally destroyed the five-year speculation that the company might develop its Kingston on Thames printing site which could have lifted group assets by nearly £4m. It was the disclosure of these hopes in 1973 which drove the share price up to a peak of 178p and which were thought to lie behind Mr. Dipre's purchase, because of his existing property interests.

U.S. PURCHASE BY LDP

The Liverpool Daily Post and Echo which has interests ranging from newspaper publishing to papermaking, packaging and retailing, yesterday announced its first purchase in the U.S.

It has paid $2.2m (£1.2m) for a private Pennsylvanian newspaper group, Dardanell Enterprises. Dardanell, which has a chain of nine weekly newspapers in Pittsburgh, in addition to a jobbing printing capacity, has net tangible assets (excluding goodwill and publishing rights) of $545,039. Pre-tax profits for the year to last September were $173,473 on a turnover of $3.6m.

Although this is its first venture in the U.S. the LDP group is no stranger to North American publishing. It has had a newspaper group in Western Canada (Vancouver and Alberta) for some years and in the last financial year, this division produced £780,000 pre-tax profits, nearly 19 per cent of group profits of £4.2m.

The new acquisition in Pittsburgh will be operated as a direct subsidiary of the UK company and existing management will be retained. The plant is said to comprise modern photoset and webb offset equipment.

BELGRAVE ASSETS

The directors of Belgrave Assets have advised its Loan Stockholders to support an amendment to the proposed scheme of arrangement whereby Belgrave would become a wholly-owned subsidiary of Kellock Holdings.

Kellock is bidding for 50 per cent of Belgrave that it does not already own, with an offer of 36 Kellock ordinary shares, 44 convertible irredeemable subordinated variable rate unsecured loan stock plus £1.58 cash for every 200 Belgrave ordinary shares. An alternative offer included the issue of redeemable cumulative preference shares.

In a letter to holders, both companies say that in the event that the scheme becomes effective for the ordinary shares of both classes of Belgrave shares but not for the Belgrave Loan Stock, it is now intended that the offer will be taken into account in calculating the number of Kellock preference shares available for allocation to those holders who accept the alternative offer and who do not opt not to receive additional Kellock preference shares.

Subject to court approval, the scheme will be amended so that in calculating the number of Kellock preference shares available, there would be deducted from the total amount of 367,000 the total number of Kellock preference shares issued to Belgrave loan stockholders accepting the equivalent of the loan stock-preference offer and such number of Kellock preference shares as would have been allocated to Belgrave loan stockholders not accepting the offer had they accepted it and opted for the equivalent of the loan stock preference offer.

Muirhead to purchase Hone

Muirhead, makers of electro-mechanical devices and communications equipment, is to purchase the entire share capital of Hone Instruments for some £1.2m. Hone, a private company, manufactures process control and ancillary equipment mainly for use in the oil refining industry.

The consideration consists of an initial payment of £820,000, a second payment of £250,000 payable one year later and payments in February 1980 and February 1981 equal to one-third of adjusted consolidated pre-tax profits of Hone for the years to September 30, 1979 and 1980 — provided such profits exceed £150,000 in each year.

Muirhead said yesterday that 450,000 new ordinary shares of 25p each issued to Hone for part of the first payment have been placed with institutional investors by Cazenove and Company. The balance of £89,000 will be paid in cash. The remaining payments are likely to be in cash too.

Muirhead added that Hone's pre-tax profits for the current year will be not less than the £288,000 earned in 1976-77. Consolidated net tangible assets of Hone at September 30, 1977 amounted to £625,000.

The proposed acquisition will enable Muirhead to extend its interests in the process control equipment and systems area where it is already represented by subsidiaries Addison Process Control and Integrated Photomatric.

Hone's chairman and managing director, Mr. N. E. Brewerton, will remain on its board in a non-executive capacity and enter into a three-year consultancy agreement.

MOOLOYA

Mr. Bernard Terry, a director of Customagic, said yesterday that it was in the best interest of shareholders to accept Mooloya's £1m offer for the company. The bid has caused a split between the Terry family and other directors of Customagic who are recommending shareholders to reject the offer.

The Terry family, controlling around 26 per cent of the ordinary shares, has already accepted the 20p a share offer taking Mooloya's holding to 47 per cent.

The current bid marks a turnround in Mooloya's stance of just six months ago when it supported a deal to put Mr. Michael Ashcroft and his partner Mr. Alan Cloggie on to Customagic's board to revive the company's fortunes. As part of this deal the Terry family interests were to resign from the board.

Now Mooloya has entered into a contract to appoint Mr. Bernard Terry as director for the mail order division provided the offer goes unconditional.

Mr. Michael Gampbell, chairman of Mooloya, said yesterday that Mr. Maurice Prax, a consultant based in Jersey with long experience of the textile industry, had been a key figure in instigating the deal.

Mr. Prax also features in material contracts revealed in Mooloya's offer document sent to shareholders on Monday. He has agreed to make his consultancy services available to the group conditional upon Mooloya acquiring over 50 per cent of Customagic.

Mr. Prax is also closely associated with Gras d'Eau Consultants of Jersey which is to receive a fee in "the event that certain shareholders of Customagic accept an offer by Mooloya for their shares."

IOM RAILWAY

Shares of Isle of Man Railway which is going into voluntary liquidation rose £9 to £19 in London yesterday. The shares are only listed on the Isle of Man but there are very occasional dealings in London under special Stock Exchange rules.

The sharp rise yesterday follows statements made by the company's chairman at an extraordinary meeting last month that distributions to shareholders could be as much as £20. The company, which has been public for more than 100 years, has sold off its railway and bus service interests to the Isle of Man Government over the past 18 months.

APPOINTMENTS

Executive posts at Key Markets

Mr. David Caulfield has been appointed managing director of KEY MARKETS, the supermarket subsidiary of Fitch Lovell. Joining the Board of Key Markets are: Mr. M. Callan (retail), Mr. G. Jury (property), Mr. W. Pepper (personnel), Mr. J. Kidgewell (retail) and Mr. J. Williams (marketing).

Mr. D. Caulfield

★

The CHARTERHOUSE GROUP is to develop the hire and service and the sales and distribution of PTS Edmundson Tools under separate management. From January 1, 1979, there will be two companies, PTS Edmundson Tools, for sales and distribution, and a new hire and service company. Mr. G. J. Brown will be managing director of PTS Edmundson Tools and Mr. D. J. M. Cooper, managing director of the hire and service company. Mr. G. J. Creed will move to the new position of industrial sales director, PTS Edmundson Tools. Mr. G. K. Edwards joins the Board of both concerns.

★

Mr. Anthony van Kleef, managing director of UKF Fertilisers, will be leaving this month to become the director of production and engineering for the UKF GROUP in Holland. Mr. Willem J. van Asselt is to be managing director of UKF Fertilisers in place of Mr. van Kleef, who will remain on the Board of that company.

★

Mr. Donald Wilson has been appointed director of engineering for NORTH WEST GAS from July 1.

★

Mr. John Allan, manager, domestic operations, in the marketing division of the British Gas Corporation, has been appointed sales director of NORTH THAMES GAS.

★

Mr. C. A. Bilbow has been appointed to the Board of ASHBY AND HORNER HOLDINGS and continues as managing director of Ashby and Horner Humberside. Mr. E. Davison has joined the Board of Ashby and Horner Joinery as works director. Mr. D. Gaskell remains managing director.

★

NEW WORLD KITCHENS has appointed three new members to the Board. They are Mr. John W. Cowling (marketing), Mr. Robert W. Davis (financial) and Mr. John J. Naretti (works).

★

Mr. S. W. Chawner has retired as a director of SPENCER GEARS (HOLDINGS).

★

Mr. James W. Willoughby has been appointed works director and Mr. Cedric J. H. Smith, commercial director, on the board of STEEL PARTS, a Glynwed steels division company.

★

The CHASE MANHATTAN BANK NA has appointed Mr. Dominique Clavel to be its general manager in France and regional coordinator for the bank in France, Belgium and Switzerland. Mr. Clavel joined Chase in New York in 1968. He was appointed head of the credit department in Paris in 1970 and subsequently held a number of appointments in the Far East before becoming general manager of the Banque de Commerce in Belgium during 1976.

★

Mr. Jack New has been appointed consultant to the GODSELL GROUP, international foreign exchange and currency deposit brokers.

★

Mr. Geoffrey Rose, Mr. Dan Sullivan and Mr. Benson Selzer have been appointed directors of AUDIOTRONIC HOLDINGS. Mr. Rose becomes chairman in place of Mr. G. W. Smith who remains a director. Mr. Michael Adler has resigned.

★

Mr. Donald Readle has been appointed a director of ALFRED DUNHILL.

★

Mr. Graeme A. Tully has been appointed finance director of WEIR FOUNDRIES from September 1.

★

Mr. Peter W. Dobson has been appointed technical director of J. H. CARRUTHERS AND CO.

★

Mr. Michael Sargent has resigned his partnership with RAPHAEL ZORN, stockbrokers, and has joined the Board of R. J. BLAIR OF BYFLEET as chairman and managing director.

★

Mr. D. E. Cox has joined the Board of the RAINSBURY BUILDING SOCIETY.

★

Mr. John Hemingway has been appointed a director of DAILY MAIL AND GENERAL TRUST.

★

Mr. Thomas C. Roberts has been appointed vice-president finance of SCHLUMBERGER from August 1 to replace Mr. Herbert G. Reid, executive vice-president and chairman of the finance committee, who is resigning. Mr. Clermont Matton succeeds Mr. Roberts in the UK, taking over as managing director of Schlumberger Measurement and Control (UK). Mr. Matton has also been appointed chairman of the company's three subsidiaries: Sangamo Weston, Membrain, and the Solartron Electronic Group.

★

AZCON CORPORATION states that Mr. David O. Lloyd-Jacob, president and chief executive officer, has been elected to the additional position of chairman, succeeding Mr. John H. Nicholls. Mr. Robert L. Barbanell and Mr. George R. J. Guise have joined the Board. The parent concern is Consolidated Gold Fields.

★

Mr. Douglas W. Fields has been elected a director and acting general manager of the European office of FACTORY MUTUAL INTERNATIONAL. He will continue to work in London, where he has been manager of insurance operations since 1976. Mr. Howard E. Wolff, the present managing director, will return to Arkwright-Boston organisation in Waltham, Massachusetts.

NORTH AMERICAN NEWS

Bache $5.7m stock deals to resist proxy threat

BY JOHN WYLES

NEW YORK, June 20.

BACHE GROUP, one of Wall Street's top five brokerage houses, has spent $5.7m on a purchase of 8 per cent of its common stock to remove the threat of a takeover bid.

The company disclosed yesterday that it had paid a premium of more than $2 a share over the market price in order to buy in the 560,000 shares. The company claimed that the holders of the stock had indicated that they might launch a proxy fight for control.

In two separate purchases, Bache said, it bought 489,300 shares for $10.25 a share from a group of mid-Western metals dealers and a block of 70,700 at the same price from clients represented by Gerald Tsai who has been described by the Wall Street Journal as "one of Wall Street's more flamboyant money managers."

All of these stockholders were allegedly critical of Bache's management which has been struggling to improve the company's profitability for some time. The company's profit margins and return on net worth have been among the lowest of New York Stock Exchange member firms for some time.

Bache said yesterday that the purchase of the shares had been "in the best interests of the company." It added that rumours of a takeover "weren't doing us any good," and it was worried that the uncertainty could cause the departure of a number of its securities salesmen.

Criticism for accounting rule

BY STEWART FLEMING

NEW YORK, June 20.

MOUNTING PRESSURE for a reform of the controversial Financial Accounting Standards Board Rule for handling foreign exchange transaction reporting is reflected in a Conference Board survey of financial officers at 117 major U.S. corporations.

More than half of the executives surveyed favoured repeal of the FASB 8 Standard. Almost one-quarter want to see it modified, and only 17 were in favour of retaining it in its present form.

The rule requires companies to report at quarterly intervals the effect of foreign currency fluctuations not only on actual transactions but also on balance sheet items such as debt.

It has resulted in wide quarterly swings in earnings for some companies. Although the reports make it clear what has caused these fluctuations, businessmen complain that they are confusing to shareholders and investment analysts.

U.S. Treasury officials have recently begun an inquiry into the effect of the Rule to see whether it may be having some impact on the performance of the dollar on foreign exchange markets.

Among the most frequent criticisms found in the survey are claims that the Rule leads to uneconomic changes in financing methods and leads businesses to adopt financial and operating procedures which they would not adopt on purely business considerations.

The FASB is expecting to receive many complaints on the Rule following a decision to ask for comments on how it, and other accounting standards it has put into effect, are working.

Another acquisition for Carter Hawley

By Our Own Correspondent

NEW YORK, June 20.

CARTER Hawley Hale Stores, appetite for acquisition was not apparently been satisfied by the recent purchase of Philadelphia's John Wanamaker. The Los Angeles company announced today that it had reached an agreement to merge with Thalhimer Brothers, which operates 26 retail department stores in Virginia and North Carolina.

The merger will be effected by the issue of 3.77m Carter Hawley shares to Thalhimer stockholders on a 0.975 to one distribution. With Carter Hawley shares trading at around $18½ today, this would value Thalhimer at some $70m.

Having already spent more than $45m in cash, and stock in acquiring Wanamaker, Carter Hawley has by no means drawn fully on the lines of debt it had behind the $380m bid for Chicago's Marshall Field, which fell through in February.

Chrysler lifts stock issue

By Our Own Correspondent

NEW YORK, June 20.

CHRYSLER Corporation has taken advantage of strong retail demand to increase the value of its proposed preferred stock issue from $150m to $250m.

The issue, underwritten by a group led by Merrill Lynch and First Boston Corporation, will go on sale tomorrow at a price of $25 to yield 11 per cent. This high yield reflects not only the general weakness of the securities market, but also the price which Chrysler has to pay to ensure a market for its issue at a time when its financial and marketing problems are constantly in the news.

Stepping up the issue from 6m to 10m preferred shares means that the company will be selling half of the total preferred debt recently authorised by its annual meeting.

Petro-Canada pressing on with bid for Husky Oil

BY ROBERT GIBBENS

MONTREAL, June 20.

THE NATIONAL oil company of Canada, Petro-Canada, plans to continue its C$52 per share bid for all 11m shares of Husky Oil, assuming that many shareholders will prefer cash rather than the rival share exchange package from Occidental Petroleum Corporation of Los Angeles.

Petro-Canada's strategy appears to aim at bypassing the Husky Board, which has already recommended the Occidental offer, worth about US$48.

Petro-Canada is now preparing a prospectus for its bid and says that this will be sent to all Husky shareholders within the next 10 days.

The prospectus will stress the "uncomplicated" nature of the offer and also the aspect of Canadian control.

The company is still confident that its cash offer will prevail.

In Ottawa, Occidental officials suggested that the American company would be willing to put up all the money needed to accelerate development of the Lloydminster heavy oil reserves in South West Saskatchewan, if its bid for Husky wins. However, this assumes that Governments would provide a very favourable tax and royalty regime.

Occidental still says that it prefer its original suggestion that the heavy oil development would be handled one-third by Petro-Canada, one-third by the Alberta and Saskatchewan Governments jointly, and one-third by Occidental and Husky.

The capital cost of heavy oil development, including upgrading plant, would be over C$ 1bn.

C$1bn. Canadian bonds issue

BY VICTOR MACKIE

OTTAWA, June 20.

THE Canadian Government is to raise C$300m of new money through the sale of C$1bn of new bonds. Finance Minister Jean Chretien states that the remaining C$700m will be used to repay earlier bonds that mature July 1.

The Bank of Canada will take at least C$400m of the new bonds, leaving up to C$600m for public investors. The Central Bank holds C$383m of the maturing Government bonds.

The three-part offering will consist of: 1—8.75 per cent bonds due June 1, 1981, at a price of 99.90 per cent to yield about 8.78 per cent to maturity; 2—8.75 per cent bonds due May 15, 1983, at a price of 99.25 per cent to yield about 8.94 per cent to maturity; and 3—9.5 per cent bonds due October 1, 2001, at a price of 99.50 per cent to yield about 9.55 per cent to maturity.

The 9½ per cent bonds will be issued in a maximum amount of C$450m and will be eligible, beginning July 1, 1978, for purchase by the Purchase fund which became operative on October 1, 1976.

The Bank of Canada has agreed to acquire a minimum of C$400m of the new bond. This acquisition will be open as to maturity except that the total will include a minimum of C$115m of the 2,001 maturity.

Proceeds of the offering will be used to redeem C$700m of the Government of Canada bonds maturing on July 1, 1978, and for general purpose of the Federal Government, said Mr. Chretien.

The new 1981 bonds are in addition to C$775m of similar securities that were issued earlier. The new 1983 bonds will increase the outstanding amount of similar securities from C$275m.

In the long term maturity, the new bonds will be in addition to C$1.17bn of similar bonds issued earlier.

Commercial paper growth predicted

BY OUR FINANCIAL STAFF

SALES OF commercial paper by U.S. companies could continue to grow at a record pace until the end of the present decade, at the expense of commercial banks, according to Mr. Theodore H. Silbert, the chairman of Standard Prudential Corporation and of Sterling National Bank and Trust of New York. He predicted in London that the UK and Europe might develop a similar pattern in the coming years, posing an additional competitive threat to the commercial banking system in the UK and European community.

In December, 1977, total commercial paper in the U.S. rose $2.4bn to a seasonally adjusted record $65.1bn. For all of 1977, total paper increased by $12.1bn from the $53.0bn outstanding at the end of 1976.

Although a minor factor in UK financing today, commercial paper in the U.S. has proved to be a successful method of providing financial and industrial firms with short term funds.

Commercial paper is issued primarily to finance seasonal working capital needs in lieu of bank borrowings and, because these promissory notes are unsecured—bearing only the name of the issuer—the seller's market is dominated by companies with good reputation.

Only some 500 to 1,000 of the leading U.S. corporations offer their commercial paper for sale.

The principal advantage of commercial paper to the issuer is lower cost. Even after broker commission charges, administrative expenses and interest, the total cost is generally below the prime rate on bank loans. U.S. banks usually require 20 per cent compensating balances which increase the "real" interest cost of loans by 25 per cent.

Kennecott directors chosen in proxy fight

NEW YORK, June 20.

KENNECOTT Copper Corporation's chairman, Mr. Frank Milliken, said that the 17 incumbent directors of the firm were elected at the May 2 annual meeting following a proxy fight in which they were challenged by a list of 17 nominees proposed by Curtiss-Wright Corporation. The announcement followed receipt of the final report on voting at the meeting on May 2. AP-DJ

Uniroyal disposal

Uniroyal, the tyres and chemicals group, has agreed in principle to sell the assets of its Royal golf business, including its gold trademarks, to the Royal Golf Corporation, a newly formed subsidiary of the Flint Manufacturing Company of Flint, Michigan. The purchase price was not disclosed, agencies report from New York. Uniroyal makes and distributes golf balls, bags and golf equipment and clothing under the Royal and Royal-[illegible] trademarks. The terms of the agreement call for the purchaser to lease Uniroyal's golf manufacturing plant in Farmville, Virginia. Uniroyal last week agreed the sale of its U.S. footwear business.

Philip Morris purchase

Philip Morris, the leading U.S. tobacco and beer group, has now acquired all the 10.7m outstanding shares of Seven-Up, the third largest U.S. soft drinks producer, agencies report from New York. The terms of the offer—$48 a share, worth a total of $514m—were agreed by the companies last month.

20th Century Fox sale

Twentieth Century Fox Film Corporation has agreed the sale of a block of studio property in Los Angeles to Ring Brothers, a unit of Monogram Industries, reports AP-DJ from Beverly Hills. The sale price is some $3.5m.

Ohio Edison result

Ohio Edison announced net earnings for the 12 months to May 31 of $1.67 a share, against $2.09 previously. Total net was $80.3m against $85.9m, reports AP-DJ. Revenue of $821.5m compared with $706m last time.

Union Carbide to expand in Europe

By Sue Cameron

MR. WILLIAM SNEATH, chairman of Union Carbide, the U.S.-based chemicals giant, has given assurances that, following the sale of two of its European subsidiaries to British Petroleum, it will continue to give full support to its other businesses in Europe.

Mr. Sneath pointed out that Union Carbide was planning an expansion programme in Europe which would include new industrial gas plants in Germany and France, a new graphite electrode plant and a food casings plant in France and an extension of battery production in Switzerland.

EUROBONDS

ASICS coupon cut

BY FRANCIS GHILÈS

THE market was steady yesterday both in the dollar and in the Deutsche-Mark sectors. In the dollar sector, the coupon on the ASICS convertible was cut to 5⅞ per cent and the issue priced at par. The conversion price was set at Y628, a 5.7 per cent increase on the closing price of the issue on the Tokyo Stock Exchange. The exchange rate will be Y216 for $1. The Hydro Quebec issue was priced at 99½.

In the Deutsche-Mark sector, the terms of the first issue since the new issuing market was reopened were announced. The coupon on the DM 100m eight-year issue for the City of Kobe is indicated at 5¾ per cent and the price around 99½. Lead manager is Deutsche Bank.

In the Guilder sector, a Fl 100m 15-year issue for the European Coal and Steel Community with an indicated coupon of 7¼ per cent was announced. Joint lead managers are Algemene Bank Nederland and Amsterdam Rotterdam Bank. The average life of these bonds is 10½ years.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swedish wholesaler doubles profits

By William Dullforce

STOCKHOLM, June 20.

SABA, the Swedish wholesaling, fruit and vegetable trading group, doubled earnings to Skr 80m ($17.3m) last year despite failing to meet its sales target. Turnover, held back by a decline in Swedish consumption and a 14-day strike, grew by 6 per cent to Skr 5.2bn ($1.13bn).

SABA is owned mainly by the Salen shipping company (40 per cent) and by the Johnson group (40 per cent). Its largest subsidiary is DAGAB, a wholesaling group which has been developing its own retailing chain and a catering business. Last year DAGAB turned in sales of Skr 3.4bn.

Trading income grew by SKr 46m to SKr 165m. Depreciation was raised by SKr4m to SKr 45m and net interest costs climbed by some SKr 5m to just under SKr 40m. After increasing the inventory reserve by SKr 46m and taking out extra depreciation of SKr 18m, SABA shows a net profit after tax of SKr 5.3m.

In 1977 the return on total capital employed grew from 11 to 14.7 per cent. Liquid assets held at the end of the year were SKr 165m while stocks were valued at SKr 381m, or 7.3 per cent of sales, and claims on customers at SKr 306m, or 5.9 per cent.

SABA acquired a 20 per cent holding in NK-Aahlens, Sweden's largest private retailing chain, during the year. An accompanying agreement between DAGAB and NK-Aahlens will boost DAGAB's annual deliveries by SKr400m at 1977 prices.

In 1977 SABA also continued its expansion abroad, opening a new office in Rotterdam and at the end of the year acquiring the entire stock in the International Fruit Company in the same city. SABA already has operations in Argentina, Britain and Italy.

The acquisition of International Fruit was financed by the group's first foreign loan. The shareholders' report notes that SABA's development plans will call for further outside capital, both domestic and foreign, and that greater attention "must be paid" to financing imports in foreign currencies.

Shareholders reject AEG plans for voting controls

BY LESLIE COLITT

BERLIN, June 20.

SHAREHOLDERS in AEG-Telefunken have narrowly rejected a controversial company proposal that voting rights be limited to 10 per cent. The vote, taken at the annual company meeting here, was 66.19 per cent for the proposal and 33.8 per cent against. However, the executive Board needed exactly 66.67 per cent to carry the plan.

AEG, which is the third largest electrical group on the Continent after Philips and Siemens, had told shareholders that continued "speculation" over the purchase of a large block of company shares had caused "potential partners in new co-operation projects" to adopt a wait-and-see attitude. This was intolerable for the company and was the reason for the plan to limit voting rights.

In recent weeks, there has been a heavy turnover in AEG shares, and it was suspected that a block of shares had been bought in order to influence the voting today. The chairman of the executive Board, Dr. Walter Cipa, said, in answer to a question, that Kuwait had not bought up 17 per cent of the company's shares as rumoured. The shares closed at DM81.7.

Shareholders were clearly averse to the control of voting rights. The major banks, which represent shareholders and normally vote along management lines, abstained in today's vote.

One shareholder after another stood up to express opposition to the plan. One of them noted that he had nothing against a "big brother" buying up company shares, a reference to an earlier remark by another shareholder, who asked the executive board: "Can we get out of this mess on our own, or do we need a big brother?"

Another shareholder asserted that "unfriendly take-overs" and "asset strippers" would not be warded off by any limitation on voting rights.

Dr. Cipa also told the annual meeting that for 1978 AEG was again unlikely to pay a dividend, making five consecutive years of no payments. In 1977 turnover rose by 6 per cent to DM 14.3bn and is expected to increase by "several hundred millions" this year. Sales up to the end of May had risen by 2 per cent. In the future AEG's foreign sales would become increasingly important, said Dr. Cipa, as the "saturation" point had been approached in West Germany.

A number of irate shareholders voiced their displeasure over the lack of dividend, with one of them asking how the company could expect shareholders to "continue giving interest-free loans to the company."

Another shareholder got a round of applause from the audience, when he told the board "Your job is to earn us money!"

M. Boussac offers to use private fortune

By David Curry

PARIS, June 20.

M. MARCEL BOUSSAC, the 89-year-old head of the virtually bankrupt textile empire which employs 11,500 people, has offered to dispose of a considerable portion of his personal assets to try to keep the group in existence.

It is understood, however, that the creditor banks are refusing to accept the proposals because M. Boussac is demanding that they free the assets he intends to sell from acting as security for their loans.

The Boussac proposal was put to the Paris Commercial Tribunal which has taken over management of the group while it attempts to sort out its affairs and work out a programme to raise money, reduce employment and salvage the most financially viable parts of it.

The Government has always demanded that M. Boussac should make an effort personally in order to clear the way for the State to provide aid for an eventually revamped operation.

The main jewel still remaining in the Boussac crown is the Christian Dior fashion business (its perfume offshoot was disposed of some years ago).

In addition, the Paris daily paper, L'Aurore, and its sporting (and more profitable) stablemate, Paris-Turf, is up for sale provided a politically suitable candidate can be found.

It is virtually impossible to put a value on these assets but the hole which remains to be filled at Boussac is in the order of FFr 800m — and M. Boussac would certainly fall well below this figure even at his most self-sacrificing.

Banque Nationale expects earnings to level out

BY ROBERT MAUTHNER

PARIS, June 20.

HAVING INCREASED group profits by 13 per cent at the net level last year, Banque Nationale de Paris, one of the "big three" nationalised banks in France, expects earnings in 1978 to level out.

This year consolidated earnings should be broadly the same as the Frs 406m ($89m) achieved in 1977, said chairman M. Pierre Ledoux. Parent company net profits last year were Frs 40m higher at Frs 290m.

The bank's foreign branches and operations increased their contribution to earnings to 50 per cent compared with 45 per cent in 1977.

BNP's consolidated balance sheet increased from Frs 206.6bn to Frs 255.3bn last year while net domestic banking revenues rose by 13 per cent to Frs 7.46bn and fixed operating costs by 12.6 per cent to Frs 5.6bn.

M. Ledoux said that BNP intended to create a new unit trust, 60 per cent of which would be made up of French shares, in accordance with the new regulations in this field.

In spite of last year's improved results M. Ledoux stressed that the outlook was not entirely satisfactory as a result mainly of the stringent credit controls which continue to be applied by the authorities.

According to the chairman, it could not be ruled out that the state would agree to some reduction of its participation in the nationalised banks as part of its policy of breathing new life into the Paris bourse.

M. Ledoux also complained that the traditional banks were facing increasing competition from para-banking institutions such as the Credit Agricole and Credit Mutuel, which benefited from special tax concessions. Not only were the latter taking a rising share of current account customers, but they were eating into the company loan market.

The association of French banks had appealed to the authorities to modify the privileged status of the para-banking institutions and their decision was expected to be announced in the near future.

Euromarche sees sharp gain

BY DAVID CURRY

PARIS, June 20.

THE FRENCH hypermarket and supermarket group Euromarche, the second largest national retailer behind Carrefour, has promised a 35-40 per cent increase in group net profit for 1978 to whet the appetite of investors for its share introduction at the end of the month.

The group has also confirmed that it is strongly on the take-over trail for small groups or independents, that its investments in the do-it-yourself area are beginning to pay off, and that it is sticking to its self-imposed role of having nothing to do with overseas investment, apart from an occasional know-how deal.

Euromarche is not famous for its reticence, and chairman M. Raymond Berthault declared that it would be able to finance a FFr 500m investment programme between now and the end of the decade without resort to a capital increase or tapping the money market. It would have some FFr 110m in quickly realisable cash at the end of June and "our working capital is one of the strongest in the distribution sector."

To make shares available for the public, the two main shareholders are accepting a dilution of their holding. Viniprix, a Paris-based down-market group with nearly 30 supermarkets, will see its holding reduced from 69.36 per cent to 53.02 per cent.

The Printemps store group will put 5.01 per cent of its holding up for sale, leaving it with 19.29 per cent. Altogether, 21.35 per cent of the capital is being offered at a minimum of FFr 260 per share.

In 1977, the Euromarche group had a turnover of FFr 3.1bn and attributable net profit of FFr 18.3m ($3.98m).

The Euromarche parent company operates 39 shops of which it owns 20. It has opened three hypermarkets over the past eight months.

Burmeister shares hit

BY HILARY BARNES

COPENHAGEN, June 20.

SHARES IN the Burmeister and Wain shipbuilding and industrial group fell by 35 points on the Copenhagen Stock Exchange today after Press reports linking Mr. Jan Bende Nielsen, managing director and majority shareholder, with liquidation proceedings in a company in which he was once a partner.

According to the Press reports, the company's auditors have found that the accounts in the company were "chaotic" and that there were a number of "inexplicable transactions." The company was Danish Chrysanthemum Kultur (DCK), in which Mr. Bonde Nielsen was a partner until 1974 with the former Kenya Minister of Agriculture, Bruce McKenzie.

Mr. Bonde Nielsen sold his share in DCK to Mr. McKenzie in 1975 and DCK went into liquidation in the following year.

The auditors' report into the cause of the liquidation is due to be submitted to the Danish Commercial court shortly, and so far has not been published.

In a television interview here tonight, Mr. Bonde Nielsen said that there was no connection between the affairs of DCK and either his position in Burmeister and Wain or his private financial situation. He agreed that there had been what he called "a period of confusion" in DCK, when "formal and administrative matters" were not in order.

He said that settlements have been made with all DCK's creditors with the exception of a Swiss bank, but that settlement with the bank was expected within days. According to Press reports, DCK's debts were between Kr 50m and Kr 100m (about £5-10m).

COB rules on disclosure

By Our Financial Staff

COB, the supervisory committee of the Paris Bourse, threatens to make public the names of companies who do not satisfy its recommendations on the disclosure of results.

This latest move in what is being increasingly seen as a concerted effort by the French authorities to crack down on poor accountancy disclosure is made via the pages of COB's latest monthly bulletin. The highest importance is attached to the publication and proper explanation of company results, the committee says.

The bulletin stresses that companies reporting for the quarter ending this month should "tell shareholders exactly how the figures have been calculated."

Lending margins forecast

BY OUR FINANCIAL STAFF

MARGINS IN the international lending business are by no means on the verge of rising again, a senior U.S. banker said in London yesterday.

Speaking at a lunch to promote the current $90m stock offering by Continental Illinois Corporation, Mr. Roger Anderson, the head of the bank said that while he foresaw rises in loan demand inside the U.S. pushing up margins on U.S. domestic banking business, he thought that international liquidity would persist.

This was because the U.S. banks no longer dominated the international lending business and, even if they withdrew from it, the continuing recession in other major industrial countries would leave banks in those countries dependent for profits on expanding their international lending.

Asked to give a prediction on U.S. interest rates Mr. Anderson suggested a 9½ per cent figure for the prime rate at the end of this year.

Mr. Anderson's comments on the margins on international lending come at a time when the banking community is deeply dividend on likely trends.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96⅛	97⅛
AMEV 8pc 1987	95¾	96½
Australia 8½pc 1992	92¾	93½
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	95¼	96
Bowater 9½pc 1992	97¼	98
Can. N. Railway 8½pc 1986	95¼	96
Credit National 8½pc 1986	95½	96½
Denmark 8½pc 1984	97¾	98½
ECS 9pc 1993	98¾	99½
ECS 8½pc 1997	93¾	94½
EIB 8½pc 1992	97¼	98
EMI 9½pc 1989	98	98¾
Ericsson 8½pc 1989	95¼	96¼
Esso 8pc 1986 Nov.	99½	100¼
Gt. Lakes Paper 8½pc 1984	97¼	98
Hamersley 9½pc 1992	99¾	100½
Hydro Quebec 9pc 1992	94½	95¼
ICI 8½pc 1987	96¼	97
ISE Canada 9½pc 1986	103½	104¼
Macmillan Bloedel 9pc 1992	94½	95½
Massey Ferguson 9½pc '91	98	99
Michelin 9½pc 1988	100¼	101
Midland Int. Fin. 8½pc '92	94¾	95½
National Coal Bd. 8pc 1987	93	93¾
National Wstmnstr. 9pc '86	99¾	100½
Natl. Wstmnstr. 9pc '86 'B'	99¼	100
Newfoundland 9pc 1989	98¾	99½
Nordic Inv. Bank 8½pc 1988	96½	97¼
Norges Kom. Bk. 8½pc 1992	95¼	96
Norpipe 8½pc 1989	95	95¾
Norsk Hydro 9½pc 1992	95	95¾
Oslo 9pc 1988	96¾	99½
Ports Autonomes 9pc 1991	97½	98¼
Prov. Quebec 9pc 1995	93¾	94½
Prov. Saskatchwn. 8½pc '86	98	98¾
Reed International 9pc 1987	93¾	94½
RHM 9pc 1992	93	93¾
Selection Trust 8½pc 1989	90½	91½
Skand. Enskilda 9pc 1991	97¼	98
SKF 8pc 1987	91¾	92½
Sweden (K'dom) 8½pc 1987	94	94¾
United Biscuits 9pc 1989	97½	98¼
Volvo 8pc 1987 March	93	93¾

NOTES	Bid	Offer
Australia 7½pc 1984	93¾	94½
Bell Canada 7½pc 1987	95½	96¼
Br. Columbia Hyd. 7½pc '85	92¾	93½
Can. Pac. 8½pc 1984	97¼	98
Dow Chemical 8pc 1986	98¼	99
ECS 7½pc 1982	94¾	95½
ECS 8½pc 1989	94	94¾
EEC 7½pc 1982	95¼	96
EEC 7½pc 1984	94¼	95
Enso Gutzeit 8½pc 1984	96¼	97
Gotaverken 7½pc 1982	95¾	96½
Kockums 8pc 1983	96¾	97½
Michelin 8½pc 1983	95¾	99½
Montreal Urban 8½pc 1981	96¾	99½
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	99½	100¾
New Zealand 8½pc 1986	96	96¾
Nordic Inv. Bk. 7½pc 1984	94¼	95
Norsk Hydro 7½pc 1982	95½	96¼
Norway 7½pc 1982	94½	95¼
Ontario Hydro 8pc 1987	93¾	94½
Singer 8½pc 1982	99¾	100½
S. of Scot. Elec. 8½pc 1981	98½	99½
Sweden (K'dom) 7½pc 1982	95	95¾
Swedish State Co. 7½pc '82	95½	96¼
Telmex 9½pc 1984	95¾	99½
Tenneco 7½pc 1987 May	91¾	92½
Volkswagen 7½pc 1987	93¼	94

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	87¼	88¼
Citicorp 10pc 1993	91	92
Courtaulds 9½pc 1989	89	90
ECS 9½pc 1989	94¾	95¾
EIB 9½pc 1988	94½	95¼
EIB 9½pc 1992	92¾	93¾
Finance for Ind. 9½pc 1987	90	91
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	95¼	96¼
Gestetner 11pc 1988	91¾	92¾
INA 10pc 1988	90¾	91¾
Rowntree 10½pc 1988	88	89
Sears 10½pc 1988	89¾	90¾
Total Oil 9½pc 1984	90½	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	96½	97½
BNDE 6½pc 1986	96¼	97¼
Canada 4½pc 1983	98	98¾
Den Norske Id. Bk. 6pc '90	99¾	100½
Deutsche Bank 4½pc 1983	97¾	98¾
ECS 5½pc 1990	95½	96
EIB 5½pc 1990	94¾	95½
Elf Aquitaine 5½pc 1988	95	95¾
Euratom 5½pc 1987	98¼	99
Finland 5½pc 1986	97¾	98¾
Forsmarks 5½pc 1990	97¾	98¾
Mexico 6pc 1985	96	96¾
Norcem 5½pc 1989	100	100¾
Norway 4½pc 1983	99½	100
Norway 4½pc 1983	97	97¾
PK Banken 5½pc 1988	96	96¾
Prov. Quebec 6pc 1990	97	97¾
Rautaruukki 5½pc 1988	95	95¾
Spain 6pc 1988	96	96¾
Trondheim 5½pc 1988	96¾	97¾
TVO Power Co. 6pc 1988	97	97¾
Venezuela 6pc 1988	97	97¾
World Bank 5½pc 1990	98	98¾

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99½	100
BFCE 1984 8½pc	99½	100
BNP 1983 8 11/16pc	100¼	100¾
BQE Worms 1985 9pc	98¾	99¾
CCF 1985 8⅞pc	99¼	99¾
CGMF 1984 8 11/16pc	99¼	99¾
Creditanstalt 1984 8½pc	99¾	99¾
DG Bank 1982 9pc	100½	100¾
GZB 1981 8 11/16pc	99¾	100¾
Intl. Westminster 1984 8pc	99¼	99¾
Lloyds 1983 8 15/16pc	100¼	100¾
LTCB 1983 8pc	99¼	99¾
Midland 1987 8 9/16pc	99½	100
Natl. Westmnstr. '90 9 5/16pc	99¾	99¾
OKB 1983 7½pc	99¾	100¼
SNCF 1985 8½pc	99¼	99¾
Stand. and Chtrd. '84 8½pc	99½	100
Wms. and Glyn's '84 8 11/16pc	99¾	100¼

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	84½	86
Ashland 5pc 1988	92	93
Babcock & Wilcox 6½pc '97	104	105
Beatrice Foods 4½pc 1992	97¾	99
Beatrice Foods 4½pc 1992	108½	110
Beecham 6½pc 1992	96	97
Borden 5pc 1992	102	103½
Broadway Hale 4½pc 1987	77½	79
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	133½	135
Dart 4½pc 1987	79	80½
Eastman Kodak 4½pc 1988	85½	86
Economic Labs 4½pc 1987	78	79½
Firestone 5pc 1988	81	82½
Ford 5pc 1988	85½	87
General Electric 4½pc 1987	82	83½
Gillette 4½pc 1987	75½	77
Gould 5pc 1987	113	114½
Gulf and Western 5pc 1988	87½	89
Harris 5pc 1992	178	180
Honeywell 6pc 1986	84½	86
ICI 6½pc 1992	89	90
INA 6pc 1997	96	97½
Inchcape 6½pc 1992	112	113
ITT 4½pc 1987	79½	80
Jusco 6pc 1992	114½	115½
Komatsu 7½pc 1990	122	124
J. Ray McDermott 4½pc '87	150	155
Matsushita 6½pc 1990	171	172
Mitsui 7½pc 1990	129½	131
J. P. Morgan 4½pc 1987	97	99
Nabisco 5½pc 1988	104½	106
Owens Illinois 4½pc 1987	111½	113
J. C. Penney 4½pc 1987	75½	77
Revlon 4½pc 1987	119½	121
Reynolds Metals 5pc 1988	94½	96
Sandvik 6½pc 1988	107¾	109½
Sperry Rand 4½pc 1987	91	92½
Squibb 4½pc 1987	81½	83
Texaco 4½pc 1988	78½	80
Toshiba 6½pc 1992	78½	80
Ty Co. 5pc 1984	129½	130½
Union Carbide 4½pc 1982	77	78½
Warner Lambert 4½pc 1987	94½	96
Warner Lambert 4½pc 1988	92½	94
Xerox 5pc 1988	78½	7–
	78	79½

Source: Kidder, Peabody Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Car industry commitment pays off for Nippon Seiko

BY YOKO SHIBATA

TOKYO, June 20.

NIPPON SEIKO (NSK) has reported sharply increased profits for the fiscal year to April—in contrast with other Japanese bearings makers, and despite adverse factors such as dumping charges by the EEC and the higher yen exchange rate.

NSK's current profits rose by 78.8 per cent to Y2.07bn ($10m), and its net profits also increased substantially by 52 per cent, on sales down 1.6 per cent to Y123.6bn ($590m).

According to the company, the buoyant earnings resulted from its heavy commitment to the automobile industry, which fared very well during the year. Sales of NSK's automotive bearings, accounting for 45 per cent of the total, rose by 5 per cent from the previous year's level. The company also undertook rationalisation measures earlier than other manufacturers, and this enhanced its profits performance.

During the year, NSK's exports of ball bearings fell appreciably, but this was offset by the company's three overseas production units. As a result, overseas sales maintained their share of the total at the same level as the previous year—15 per cent.

NSK's three overseas manufacturing plants, in the U.S., the UK and Brazil, are at present working at or near full capacity with monthly bearings production of 1.35m, 1.2m, and 1.2m respectively. In particular, NSK Europe (UK) which started operation in April, 1976, is now close to its full capacity of 1.3m bearings per month.

In the light of recent trade problems concerning exports of ball bearings and the current higher yen exchange rate, NSK's relatively low export ratio (at 15 per cent) and its expansion of overseas production were a positive advantage for the company. In addition, ball bearing sales to the industries related to public works, such as power shovels and trucks, have also stated to pick up since last year.

For the current fiscal year, ending April, 1979, the company expects revenue and profits to match last year's level.

* * *

Olympus Optical, the Japanese manufacturer of industrial cameras and optical instruments, raised its after-tax profit by 1 per cent in the first-half of its financial year, to Y1.93bn ($9.2m), from Y1.91bn in the same period of the previous year, our Financial Staff writes. Sales in the six months to April 30 increased by 7 per cent to Y32.54bn ($155m), from Y30.41bn.

The interim dividend is unchanged, at Y3.75.

BHP stages late rally in steel production

By James Forth

SYDNEY, June 20.

AUSTRALIA'S largest industrial company and sole steelmaker, Broken Hill Proprietary, staged a late rally in production of steel for the year to May 31. In the final month of the year, BHP raised steel output to 706,000 tonnes, which was 8.4 per cent higher than the same month last year, and 23 per cent above the April performance, when output was affected by strikes.

The late rally in production was due to a slight improvement in demand in the domestic market, although the market for steel both domestically and overseas is still depressed. The group's production of steel for the full year was 7.4m tonnes, or 104,000 tonnes less than in 1976-77.

The latest year's steel output is still the lowest since 1972-73 and is about 575,000 tonnes down on the 1974-75 peak. BHP has reported losses of more than $A50m (US$57m) from its steel division for the past two years. In the first half of 1977-78 a further loss of $A35.05m was reported, although group earnings rose 5.7 per cent to $A38.7m.

The group's production of iron ore dipped 10.6 per cent for the latest year, while manganese output fell 30.3 per cent, also reflecting the depressed world steel market.

OK Bazaars outlook optimistic

BY RICHARD ROLFE

JOHANNESBURG, June 20.

MR. R. J. GOSS, chairman of OK Bazaars, says in his statement with the report and accounts for the year ended March 31, that the group "expects to achieve a level of earnings in excess of the past year's performance" over 1978-79. If the forecast is achieved, it will mark the end of a phase of static or declining earnings. The only caveat is that introduction of the 4 per cent general sales tax in July may affect consumer spending, though a clearer picture will be available with OK Bazaars' interim statement.

The group is the largest retailer in South Africa, with total assets of R255m, sales last year of R541m ($615m), and 142 branches, down from 152 five years ago. The bulk of sales (61 per cent) are in food, health and cosmetics, with clothing and textiles accounting for 13 per cent and furniture and consumer durables the balance. Earnings per share were unchanged at 107 cents for the year, against 113 cents in 1975-76.

The group was acquired in 1973 by SA Breweries, which holds 70 per cent of the shares.

OK Bazaars has held its market share, with sales rising 6 per cent last year against a national retail sales increase of only 4 per cent, which signalled a decline in real terms of about 6 per cent. But OK Bazaars' earnings on equity capital have fallen and were 9.1 per cent last year. Liquidity remains fair, with the rise in stocks contained to 7 per cent despite heavy initial requirements for the group's Natal "Hyperama" store.

The group now has two "hyperamas" and the report records that the one in Natal is trading below breakeven. The longer-standing "hyperama" near Johannesburg was "disappointing," with a poor merchandise mix and an unsatisfactory shrinkage level. But the chairman hopes these ventures, which have accounted for much of OK Bazaars' recent investment, will improve profitability.

Against expenditure of R23m last year, capital commitments are down to R4.5m. But cash flow was R15m last year, suggesting that funds may be available to reduce short-term borrowings, up from R9m to R17m at the year-end. The market takes a greatly more confident view of OK Bazaars' prospects. Compared with their 1978 low of 520 cents, the shares are now 760 cents, up 30 cents on the report and now yielding 7.6 per cent on last year's 58 cent dividend.

Half-year advance at Fugit

BY OUR OWN CORRESPONDENT

JOHANNESBURG, June 20.

THE MAIN quoted South African investment trust, First Union General Investment Trust (Fugit), which is now a subsidiary of Liberty Life, and hence of Guardian Royal Assurance, has reported a slight increase from R2.3m to R2.5m in its net profit after taxation for the six months to June 30, mainly reflecting increased dividend receipts over the period. Adjusting for the preference dividend, earnings on the 62.1m shares in issue have risen from 3.64c to 3.98c.

Fugit, managed for many years by Union Acceptances and now under the control of Liberty Life, paid a total dividend of 5.75c in its year to June 30, 1977 and a special dividend of 3c in the six months to December 31. Its financial year has now been changed to December 31, so for practical purposes the 3c declared with the latest figures is an interim and the Board forecasts not less than 6c for the full year. The shares, at 86c therefore yield a prospective 7 per cent. Net worth was 98c on June 13 and, after the stock market's strength since then, should by now be over 100c.

Hoyts enters pinball field

By Our Own Correspondent

SYDNEY, June 20.

HOYTS THEATRES, the cinema chain controlled by Twentieth Century-Fox of the U.S., has diversified into the pinball machine field. The directors of Hoyts to-day announced that the company had acquired control of Goddard Industries, which manufactures pinball machines, and would extend an offer to all shareholders. Hoyts previously held 3.6 per cent of Goddard's capital, and has bought the 48 per cent shareholding of Goddard Investments Pty., the family company of Goddard Industries' chairman and managing director, Mr. Howard Goddard.

If the bid succeeds, Mr. Goddard has agreed to enter a service agreement to continue as managing director.

Hoyts is offering A$1.30 cash for each Goddard share, which values the company at A$2.3m.

PYRAMIDS OASIS PROJECT

SPP to seek compensation terms

BY ANTHONY McDERMOTT IN LONDON AND ROGER MATTHEWS IN CAIRO

SOUTHERN PACIFIC Properties sent a management team to Cairo yesterday. The team's task is to open negotiations on compensation for a $500m joint venture with the Egyptian Government. The project, to develop the country's largest tourist complex two miles from the Pyramids, was abruptly cancelled by President Sadat three weeks ago.

The negotiations for the compensation of some $5.6m spent by the company are likely to be protracted. The Pyramids Oasis project has become a highly political issue which opponents of President Sadat have been skilfully using as a means of criticising his more liberal economic policies, aimed at encouraging investment both by the private sector and foreign investors.

Southern Pacific Properties (Middle East), a subsidiary of the Hong Kong-based company SPP, set up a company with the Egyptian General Organisation for Tourism and Hotels (EGOTH), called the Egyptian Tourist Development Company (ETDC). SPP (ME) has a 60 per cent participation in ETDC, and EGOTH 40 per cent, provided not in finance but in land for the 10,000 acres for the project.

The project had become a political stick with which to beat Mr. Sadat, and an indication of the curious way in which it was handled by the Egyptian Government is that not long before the cancellation President Sadat was endorsing its continuation in a major speech. The cancellation was effectively in response to a major political campaign aimed at suggesting that SPP was exploiting Egypt's national heritage, destroying antiquities, corrupt, and not fulfilling its contractual obligations—and by implication a by-product of Mr. Sadat's policies.

SPP, however, is convincing in its refutation of these accusations. The capitalisation of ETDC was agreed by the Government—initially at $3.4m, rising eventually to $17m. Up to the cancellation SPP had paid its equity participation—consisting at present of $1.3m in equity, $1.65m on loan and $350,000 on current account owed to SPP by ETDC—on or ahead of the time scheduled for instalments. SPP had set aside for the current fiscal year the sum of £50,000 (some $90,000) for archeological research in the event of discoveries. SPP maintains that as for as the site itself is concerned, items of the detailed plan were three to four months behind schedule because the Government had not provided promised connections of roads, water and power, as in the contract between ETDC and the main contractors, Arab Contractors, but that operations were still within the agreed terms of the broader contract between ETDC and the Egyptian Government. It rejects categorically accusations of corruption.

As a result, serious concern is being expressed over the fate of ETDC. Company executives claim that since the cancellation there had been no formal contact with the authorities and no approach made to them about what Mr. Mamdouh Salem, the Prime Minister, described as "safeguarding the interests of shareholders and investors."

The Pyramids Oasis was to have been the prime example of what foreign capital and expertise could do for Egypt's undoubted tourist potential.

The site is now deserted, all work has been abandoned, and the bank accounts of ETDC frozen. "We are down to a petty cash float of less than E£400 and there is a staff of over 100 to pay at the end of the month," said a company executive.

However, the wages bill of E£14,000 plus $6,000 is insignificant when compared to the other major claims that are expected to be lodged against the company. ETDC had taken more than $7.5m in deposits from purchasers and up to the end of 1977 had spent over $8m in development costs.

"We expect to face further substantial claims because of the termination clauses in the contracts we have signed with consultants, companies and others," said the company. Some $400,000 is outstanding in consultants fees.

Immediately after the official decision to cancel the project, the $2m in ETDC's Egyptian bank account was frozen and more than $9,000 and E£11,000 removed from the safe in the company's offices. There is no indication yet as to the fate of these funds.

Meanwhile, legal actions have been started against the company in several Cairo courts. These include purchasers seeking the return of their deposits and a Mr. Jacob Rokestal, who is claiming more than $500,000. The company says that it has never heard of Mr. Rokestal.

ETDC is also anxious about the equipment that it has ordered for the project. Equipment worth more than $250,000 is currently lying on the dockside in Alexandria and goods worth a further £100,000 ar estill in transit.

"We have no money to begin sorting out this sort of a problem. Unless the assets of the company are released we cannot begin working for the benefit of the shareholders and investors," the company said.

There are considerable doubts being cast on the Government's manner of cancelling the project. Under Article Seven of Law 43 which governs foreign investments, it is clearly stated that "projects may not be nationalised or confiscated. The assets of such projects cannot be seized, blocked, confiscated or sequestrated except by judicial procedures." The company said it would be interested to know when the "judicial procedures" were carried out.

Triad to proceed with bid

BY ANTHONY ROWLEY

HONG KONG, June 20.

TRIAD HOLDINGS in Luxembourg is expected to proceed with its plan to take over Southern Pacific Properties despite cancellation of the Pyramids Oasis project at Giza in Egypt in which SPP was heavily involved.

SPP has been informed that Triad will proceed with an offer to take over SPP, in which Triad is already the largest shareholder, provided a satisfactory basis can be agreed. A further announcement is expected next month.

Meanwhile, SPP has requested Hong Kong's stock exchanges to continue the temporary suspension of dealing in the company's shares, pending the outcome of the takeover talks.

IBM to pull out of Nigeria

BY JEREMY MORGAN

IBM is to pull out of Nigeria, rather than concede to demands by the Lagos Government that Nigerian nationals should hold a 40 per cent stake in the company's Nigerian interests.

An IBM spokesman in London said that the Nigerian Government had refused to grant the company an exemption from the Nigerian Enterprise Promotion decree under which foreign companies are obliged to sell a percentage of their interests to Nigerians.

Nigeria will be the third country from which IBM has withdrawn rather than surrender all or part of its holdings to nationals of other countries.

In November last year the company announced that it would withdraw its interests from India within six months rather than relinquish 60 per cent of its business ownership there. IBM also pulled out of Indonesia because of problems with the country's nationalisation programme.

It is thought that IBM will leave a locally owned agency to maintain its business there. "It is our intention to transfer the business activities of IBM Nigeria to another Nigerian company to provide continuity of maintenance and marketing services and, we hope, employment opportunities for a number of our employees."

At present IBM employs 140 people in Nigeria and although details of the new Nigerian owned company are not clear the equity will be 100 per cent Nigerian.

The Nigerian Enterprise Promotion decree came into force in 1972, and was revised last year. It divides businesses into three categories defining how much of their local operations should be given over the Nigerian ownership. The categories are: concerns that should be exclusively Nigerian; those where a Nigerian holding should amount to 60 per cent or more; and those where Nigerians should own at least 40 per cent.

IBM was in the third, least stringent of these categories.

Africans opt for sterling

By Mary Campbell

BLACK AFRICAN countries hold bigger sterling denominated deposits with banks in the UK than they do deposits in other currencies, according to new data released by the Bank of England. The non-oil less developed countries (LDCs) generally have larger sterling deposits with banks in the UK than do the oil producing (OPEC) countries.

The figures emerge in the latest issue of the Bank of England's Quarterly Bulletin as part of a survey of the maturities of lending to individual countries by banks in the UK.

Altogether, entities in less developed and semi-industrial countries held $6.2bn worth of sterling denominated deposits with banks in the UK at the end of last year. OPEC countries account for $2.2bn worth and non-oil developing countries for $2.5bn worth. Black African countries account for $1bn of the latter figure. These countries, together with the category embracing Australia, New Zealand and South Africa, are the only groups of countries which have bigger sterling deposits with banks in the UK than deposits in other currencies.

Mars Holdings Bhd. shares de-listed

SINGAPORE, June 20.

The Stock Exchange of Singapore has de-listed Mars Holdings BHD for non-compliance with the Exchange's listing requirements. It gave no further details, but warned last month that Mars Holdings faced de-listing, for failing to submit the annual reports and accounts for 1976 and 1977.

Mars Holdings, formerly Sungei Tukang Rubber Company BHD, has been under suspension since April last year for non-compliance with the exchange's listing requirements.

Last month it told the Exchange that its shareholders had approved a name change to ST. Holdings from Mars Holdings.
Reuter

* * *

Malayan Breweries has disclosed that its shareholding in the leading New Zealand brewery, Lion Breweries, is now 6.6m shares, equivalent to 9.6 per cent of Lion's issued capital, writes H. F. Lee from Singapore.

Its stake in the other major New Zealand brewery, Dominion Breweries, is now 1.53m shares or 2.7 per cent of the issued capital.

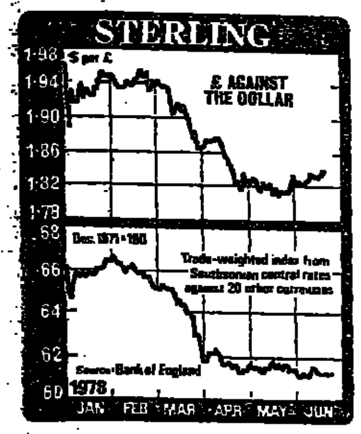
Malayan Breweries' disclosure follows recent reports of the company's acquisitions of sizeable blocks of shares in the two breweries in the New Zealand stock market.

هكذا من الأصل

Currency, Money and Gold Markets

Yen reaches post-war high

The Japanese yen continued to improve in yesterday's foreign-exchange market notably against the U.S. dollar. Basically the position has not changed from Monday, with renewed interest in the yen being prompted not only by the continuation of Japan's trade surplus and recent projections of a year's surplus of up to $10bn but also the generally unsound position of the dollar. The yen finished at Y211¼ to the dollar although at one point it touched Y210.22½. On Morgan Guaranty figures at noon in New York, the yen's trade weighted average appreciation has shown a prolific rise over the past week with last Tuesday's figure at 35.6 per cent, Monday's at 37.7 per cent and yesterday's calculation jumping to 39.1 per cent. On a similar basis, the dollar's depreciation widened to 6.4 per cent from 6.1 per cent.



Against major European currencies, the dollar traded very quietly in fairly thin business. The West German mark finished just off its best level at DM 2.0815 from DM 2.0915 while the Swiss franc also improved in dollar terms to Sw Fr 1.8750 against SwFr 1.8820. Sterling remained on the sidelines and its trade-weighted index, on Bank of England figures, showed no change at 61.3. Against the dollar, the pound opened at $1.8340-1.8350 and improved to $1.8405-$1.8415 at one point, before closing at $1.8397-1.8407, a rise of 52 points on the previous close.

TOKYO—The dollar fell to a record low of Y211.57½ at the close, compared with Y215.57½ on Monday. The U.S. currency opened at Y213.50 and came under heavy pressure in hectic trading. The Bank of Japan intervened several times, but this was probably only to test the strength of the pressure, rather than an active attempt to arrest the dollar's decline. It was estimated that the central bank bought about $5-10m at the 213 level in the morning, and about the same volume at Y211.40 near the close. The low level of intervention may reflect concern about increasing the foreign exchange reserves too sharply ahead of next month's summit meeting. Major factors behind the dollar's fall are fears about U.S. inflation, and the continuing large trade deficit with Japan.

Frankfurt: The dollar fell to DM2.0812 at the fixing, from DM2.0895 on Monday. The Bundesbank did not intervene. Trading was rather nervous, with the sharp rise of the yen against the dollar setting the trend for most other currencies.

News of a downward revised 1978 growth forecast by the West German Government's panel of economic experts to 3 per cent from 3½ per cent had no effect on trading.

Later in the day the dollar was slightly firmer, quoted at DM2.0835 near the close. The Bundesbank trade-weighted revaluation index of the D-mark against 22 currencies was 145.7 (145.5), up 0.9 per cent from the end of 1977.

Paris: The dollar eased in relation to major European currencies. Towards the close it was FFr 4.5937½ in terms of the French franc, compared with FFr 4.5960 in the morning, and FFr 4.6050 on Monday.

Apart from other factors depressing the dollar, it also suffered from news that U.S. corporate profits had fallen by a seasonally adjusted 2.5 per cent, compared with a previously estimated decline of 2 per cent.

The D-mark rose to FFr 2.2048 from FFr 2.1980, while the Swiss franc improved against the French franc to FFr 2.4448 from FFr 2.4240. Sterling finished at FFr 8.4375, unchanged from earlier levels, but up from FFr 8.4285 late on Monday.

Milan: The dollar continued to weaken against the lira, falling to L858.05 at yesterday's fixing, compared with L859.75 on Monday. Once again the yen showed a strong improvement in active trading to L4.072 against L4.024. European currencies were generally mixed against the lira.

THE POUND SPOT

June 20	Bank rate %	Day's spread	Close
U.S. $	7	1.8340-1.8415	1.8397-1.8407
Canadian $	8½	2.0550-2.0655	2.0640-2.0665
Guilder	4	4.09-4.12	4.10-4.11
Belgian Fr.	6½	59.90-60.25	60.15-60.25
Danish Kr.	9	10.55-10.58½	10.57½-10.58½
D-Mark	3	3.81½-3.84½	3.82½-3.83½
Port. Esc.	18	83.60-84.60	83.85-84.85
Span. Pes.	8	145-148	145.60-145.80
Lira	11½	1,574-1,580	1,578-1,579
Nrwgn. Kr.	7	9.89¾-9.93½	9.92½-9.93½
French Fr.	9½	8.42½-8.45½	8.44½-8.45½
Swedish Kr.	7	8.44½-8.47	8.46-8.47
Yen	3½	385-395	387½-388½
Austria Sch.	6½	27.30-27.70	27.50-27.60
Swiss Fr.	1	3.44-3.48	3.44½-3.45½

Belgian rate is for convertible francs. Financial francs 60.05-60.25.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.63-0.53c pm	3.78	1.67-1.57 c pm	3.54
0.75-0.65c pm	3.95	1.98-1.88 c pm	3.74
3⅛-2⅛c pm	7.87	8-7 c pm	7.31
40-30 c pm	6.97	105-95 c pm	6.64
2-4 ore dis	-3.47	6½-8½ ore dis	-2.89
6¼-2¼ pf pm	8.62	7¾-7¼ pf pm	8.62
75-165 c dis	-12.84	275-475 c dis	-16.08
20-120 c dis	-5.76	125-425 c dis	-7.55
1 lire pm-2 dis	-0.68	1-4 lire dis	-0.63
1¼-1¾ ore dis	-0.91	1-2½ ore dis	-0.70
1¼-¼ c pm	1.06	3¼-2¼ c pm	1.30
2 ore pm-par	1.42	2½-½ ore pm	0.82
2.90-3.05y pm	9.05	6.55-6.20 y pm	6.62
17-7 gro pm	5.24	40-30 gro pm	5.08
3½-2½ c pm	10.45	9½-8½ c pm	10.46

Six-month forward dollar 2.92-2.87c pm: 12-month 5.35-5.25c pm.

THE DOLLAR SPOT

June 20	Day's spread	Close
Canad'n $*	89.15-89.25	89.16-89.19
Guilder	2.2306-2.2388	2.2330-2.2340
Belgian Fr	32.66-32.75	32.73-32.75
Danish Kr	5.6338-5.6475	5.6390-5.6405
D-Mark	2.0805-2.0878	2.0830-2.0840
Port Es	—	45.49-45.79
Lira	857.60-859.00	857.75-857.95
Nrwgn. Kr	5.3855-5.3965	5.3955-5.3965
French Fr	4.5705-4.5965	4.5938-4.5950
Swedish Kr	4.5995-4.6120	4.6015-4.6025
Yen	210.55-211.40	211.20-211.40
Austria Sch	—	14.9950-15.00
Swiss Fr	1.8770-1.8865	1.8795-1.8805

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0-0.02c dis	-0.12	0.02-0.04c dis	-0.13
0.75-0.70c pm	3.64	2.26-2.21c pm	3.87
9-8c pm	2.96	27-25½c pm	2.88
—		—	
0.90-0.80pf pm	4.58	2.79-2.69pf pm	5.13
—		—	
2.80-3.10c dis	-4.12	8.75-9.50	-4.20
—		—	
0.90-1.05c dis	-2.49	2.20-2.40c dis	-2.04
—		—	
0.95-0.85y pm	4.80	2.85-2.70y pm	5.20
—		—	
1.16-1.12c pm	6.83	3.33-3.28	6.85

CURRENCY RATES

June 20	Special Drawing Rights	European Unit of Account
Sterling	0.670236	0.672907
U.S. dollar	1.23176	1.23485
Canadian dollar	1.38216	1.38375
Austrian schilling	18.4302	18.4564
Belgian franc	40.2632	40.3442
Danish krone	6.94466	6.96174
Deutsche Mark	2.56354	2.57042
Guilder	2.74990	2.75621
French franc	5.65593	5.67031
Lira	1056.85	1059.43
Yen	260.517	260.183
Norwegian krone	6.64042	6.65799
Peseta	97.5295	97.6984
Swedish krona	5.67287	5.68028
Swiss franc	—	2.31911

CURRENCY MOVEMENTS

June 20	Bank of England Index	Morgan Guaranty changes %
Sterling	61.31	-41.7
U.S. dollar	88.28	- 6.4
Canadian dollar	85.40	-12.5
Austrian schilling	140.64	+19.2
Belgian franc	110.56	+12.3
Danish krone	115.39	+ 6.2
Deutsche Mark	141.02	+36.1
Swiss franc	182.44	+75.9
Guilder	121.12	+18.6
French franc	98.22	- 5.1
Lira	56.54	-46.0
Yen	140.66	+39.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,441-1,446	783.07-785.24	Austria	27½-28.0
Australia Dollar	1.5993-1.6153	0.8715-0.8803	Belgium	59-60½
Finland Markka	7.74-7.76	4.2760-4.2180	Denmark	10.25-10.40
Brazil Cruzeiro	31.93-32.93	17.35-17.89	France	8.37-8.43
Greece Drachma	67.473-69.238	36.66-37.62	Germany	3.8-3.84½
Hong Kong Dollar	8.53-8.55	4.656-4.658	Italy	1,565-1,575
Iran Rial	125-132	68½-71¾	Japan	384-400
Kuwait Dinar (KD)	0.500-0.510	0.2717-0.2771	Netherland	4.08-4.12
Luxembourg Franc	60.15-60.25	32.71-32.73	Norway	9.88-9.94
Malaysia Dollar	4.37½-4.39	2.3800-2.3900	Portugal	79-82
New Zealand Dollar	1.7668-1.8047	0.9737-0.9835	Spain	143-148
Saudi Arabia Riyal	6.26-6.36	3.40-3.45	Switzerland	3.40-3.47
Singapore Dollar	4.26½-4.37½	2.3290-2.3330	United States	1.82-1.84
South African Rand	1.5830-1.6094	0.8602-0.8745	Yugoslavia	34½-35½

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

June 20	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.840	3.830	388.5	8.450	3.450	4.105	1579.	2.065	60.20
U.S. Dollar	0.543	1.	2.081	211.1	4.592	1.875	2.231	857.6	1.122	32.71
Deutsche Mark	0.261	0.480	1.	101.4	2.206	0.901	1.072	412.1	0.549	15.72
Japanese Yen 1,000	2.547	4.737	9.858	1000.	21.75	8.880	10.57	4063.	5.315	155.0
French Franc 10	1.183	2.178	4.533	459.8	10.	4.083	4.858	1868.	2.443	71.24
Swiss Franc	0.290	0.533	1.110	112.6	2.449	1.	1.190	457.5	0.598	17.45
Dutch Guilder	0.244	0.448	0.933	94.64	2.058	0.840	1.	384.6	0.503	14.67
Italian Lira 1,000	0.634	1.166	2.426	246.1	5.353	2.186	2.601	1000.	1.308	38.14
Canadian Dollar	0.484	0.891	1.855	188.2	4.093	1.671	1.988	764.5	1.	29.16
Belgian Franc 100	1.661	3.057	6.362	645.3	14.04	5.731	6.819	2622.	3.430	100.

EURO-CURRENCY INTEREST RATES*

June 20	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¾-12¼	7¼-8¼	7½-7¾	4¼-4½	⅞-1⅛	3⅛-4	10⅜-10⅝	9-12	—	2 1/16-4 1/16
7 days notice	11¼-12	7¼-8¼	7⅝-7⅞	4¼-4½	⅞-1⅛	3 7/16-3 9/16	10⅝-10⅞	11½-12½	7¾-7	2 1/16-4 1/16
Month	11⅝-12	7¾-8⅛	8-8¼	4¼-4½	1 1/16-1 7/16	3⅜-3½	1 5⅜-10⅞	11¾-12¾	8 1/16-8 3/16	2 1/16-2 7/16
Three months	12-12⅜	8⅛-8⅞	8½-8¾	4½-4¾	1 5/16-1 11/16	3⅜-3½	10⅝-10⅞	12-13	8 3/16-8 5/16	3 1/16-3 7/16
Six months	12⅛-12½	8½-8⅞	8 11/16-9 3/16	5-5¼	2-2⅛	3½-3⅝	10¾-11	13½-14½	9-9⅛	4 1/16-4⅛
One year	12⅛-12⅝	8¾-9⅛	9-9¼	5½-5¾	2⅛-2⅝	3 11/16-3 13/16	11⅜-11⅝	14½-15½	9 1/16-9 3/16	4 1/16-4 7/16

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent: three months 8.25-8.35 per cent: six months 8.60-8.70 per cent: one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: Two years 9 1/16-9 5/16 per cent: three years 9¼-9½ per cent: four years 9¼-9½ per cent: five years 9¼-9½ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates higher

New York interest rates showed a firmer tendency with 13-week Treasury bills quoted at 6.69 per cent from an average 6.67 per cent at Monday's auction. The rate for 26-week bills rose to 7.27 per cent from 7.23 per cent while one-year bills were 7.56 per cent compared with 7.54 per cent.

Federal funds remained static at 7.4375 per cent. Certificates of deposit were slightly up at 7.75 per cent from 7.70 per cent for one-month; 7.90 per cent against 7.80 per cent for two-month; and 8.04 per cent for three-month.

Bankers acceptance rates were: 7.75 7.70 per cent for 30 days; 7.80 per cent per cent for 60 days; 7.85 per cent for for 90 days; 7.90 per cent for 150 120 days; and 7.95 per cent for 180 days.

High-grade commercial paper was 7.65 per cent for 30 days; 7.70 per cent for 60 days; and 7.80 per cent for 90 days.

FRANKFURT: Net central currency reserves of the Bundesbank fell DM400m in the week to June 15 to DM 80.8bn. Other reserve assets showed little change at DM 7.7bn from DM 7.8bn the previous week. Interbank money market rates rose to 3.55 per cent from 3.5 per cent for call money, while the longer periods remained unchanged.

Brussels: Deposit rates for commercial francs were 3¾-4¾ per cent for call money; 5¼-5⅝ per cent for one-month; 5¾-5⅞ per cent for three-month; 6½-6⅝ per cent for six-month and 7⅛-7¼ per cent for 12-month funds.

Hong Kong: Conditions in the money market were generally tight, with call and overnight money commanding 5¼ per cent.

Singapore: Offshore banks are to be allowed more access to the local corporate loan market under a move announced by the Monetary Authority of Singapore. They have not gained deposit taking ability however.

Recent measures have tended to divide banks into two types. In addition to the full service banks, Singapore also has 13 restricted, or non full service banks, and 28 offshore banks. The new rule removes almost all distinctions between restricted and offshore banks. These non full service banks have tended to enjoy a competitive advantage over the local prime rate for lending quoted by full service banks of around 7 per cent.

It is probable that the new move will remove this competitive advantage by pushing up rates for short-term money, thus making restricted banks pay more for Singapore dollar deposits and removing the differential between offshore banks and full service banks.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

There was a general improvement in the day-to-day credit situation in the London money market yesterday, although money remained in short supply overall. The authorities gave a very large amount of assistance by buying a small number of Treasury bills from the Discount houses, and by lending a large amount overnight to five or six houses.

Banks brought forward substantial surplus balances, and the market was also helped by net maturing Treasury bills. On the other hand there was a modest excess of revenue payments to the Exchequer over Government disbursements, a rise in the note circulation, and repayment of the exceptionally large amount lent overnight to the houses on Monday.

Discount houses paid up to 10 per cent for secured call loans, with closing balances taken at 9½-9¾ per cent, although some funds were picked up at as low as 8 per cent in places.

In the interbank market overnight loans opened at 10-10¼ per cent, and eased to 9½-9¾ per cent after lunch, before rising to 10½-11 per cent, and closing at 9½-10 per cent.

Short-term fixed period interest rates tended to ease from their opening levels, and were also slightly lower on the day. Longer-term rates were a little firmer, however, leading to a small reduction in the reversed yield curve.

LONDON MONEY RATES

June 20 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	9⅛-11	—	—	—	10⅛	8-10	—	—	—
2 days notice	—	—	10¼-10⅜	—	—	10⅝	—	—	—	—
7 days or 7 days notice	—	—	—	—	—	—	—	—	—	—
One month	10⅜-10¼	10⅛-10½	10⅜-10½	—	10⅝	10¾	9¾-9⅞	9 1/16-9⅛	10-10⅛	10¾
Two months	10¼-10	10 7/16-10 5/16	10¼-10⅜	10-10⅜	10⅝	—	9½-9⅝	9⅛-9 3/16	9 15/16-10	10⅝
Three months	10 3/16-9⅞	10 1/16-10¼	—	9⅝-10	10½	10⅝	9⅜	9¼	9⅝	10⅝
Six months	10 1/16-9⅞	10-10 1/16	9⅞-9½	9⅛-9¾	10½	—	9¼	—	9 15/16-9⅝	10⅝
Nine months	10 1/16-9⅞	10-10⅛	10-10⅛	9⅛-9¾	10½	—	—	—	—	—
One year	10 1/16-9⅞	10-10 1/16	—	9⅝-10	10½	—	—	—	—	—
Two years	—	10-10¼	9¾-10⅜	9⅝-10	—	—	—	—	—	—
		—	10¾-11	—						

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11½ per cent; five years 12¼-12½ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 15/32-9½ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9 per cent; two-month 9 1/16 per cent; and three-month 9 1/16-9¼ per cent. Approximate selling rate for one-month bank bills 9¼-9 13/16 per cent; two-month 9½-9 13/16 per cent; and three-month 9½ per cent. One-month trade bills 10½ per cent; two-month 10⅜ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 8½ per cent from June 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1348 per cent.

GOLD

Further rise

Gold traded fairly actively in yesterday's London bullion market to close $1¼ an ounce higher at $186-186½. After opening at $185¾-$186¼, the metal was fixed during the morning at $186.35 and this improvement showed through to the afternoon fixing at $186.50.

There was a generally good demand for gold particularly in the U.S. where confidence remained high. The harder trend was further helped by the weakness of the U.S. dollar especially against the yen. Tuesday also saw the second in a series of six U.S. gold sales, where the authorities are auctioning a total of 300,000 ounces.

	June 20	June 19
Gold Bullion (a fine ounce)		
Close	$186-186½	$184¾-185¼
Opening	$185¾-186¼	$184¼-185
Morning fixing	$186.35 (£101.387)	$184.15 (£100.456)
Afternoon fixing	$186.50 (£101.497)	$184.60 (£100.654)
Gold Coins domestically		
Krugerrand	$195-196 (£106-107)	$191½-193½ (£104½-105½)
New Sovereigns	$56½-57½ (£30¾-31¼)	[illegible]
Old Sovereigns	$66½-67½ (£36¼-37¼)	$65½-67½ (£36¼-37¼)
Gold Coins internationally		
Krugerrand	$191½-193½ (£104-105)	$190¼-192½ (£103¾-104¾)
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	$271½-273½	$276½-278½
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK

Prime Rate	8.75
Fed. Funds	7.4375
Treasury Bills (13-week)	6.69
Treasury Bills (26-week)	7.27

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.55
Three months	3.65
Six months	3.75

FRANCE

Discount Rate	9.5
Overnight	8¼
One month	7.875
Three months	8.125
Six months	8.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.875

WORLD STOCK MARKETS

Wall St. lower on credit and $ fears

INVESTMENT DOLLAR PREMIUM

$2.60 to £—114¼% (114¾%)

Effective $1.8402 51⅞% (51¾%)

STOCKS FELL sharply across a broad front on concern about tighter money, higher interest rates and the weakness of the dollar, mainly against the Japanese yen.

Buyers moved to the sidelines to await signs of a change in monetary policy from yesterday's Federal open market committee meeting. Investors expect some monetary tightening but are concerned that too much restriction may force the economy, already showing some signs of slowing, into a full-scale recession.

On the positive side, Mr. Barry Bosworth, the Wage and Price Council director, said the May consumer price index would show a rise of 0.7 to 0.8 per cent, somewhat slower than the 0.9 per cent increase in April.

For the fourth consecutive day, about 1,000 issues declined while some 400 advanced. The Dow Jones Industrial Index lost 8.58 to 830.04 on a volume of 28m shares, against 25.5m on Monday.

The NYSE index fell 0.54 to 54.22, and declines led advances 1,095 to 407. The Transport index fell 1.07 to 221.17 and Stocks lost 2.35 to 284.91. The Utilities index shed 0.71 to 104.26.

Gaming stocks dominated the action again. **Ramada Inns** opened, was halted, re-opened and was halted again but still managed to trade well over 1m shares and rise $1¼ to $8¾.

Del E. Webb, in which Ramada holds a 7 per cent stake, was unchanged at $20¾ but was the second most active issue.

After being ahead most of the day, **Bally Manufacturing** lost $1¼ to $36¾ and **Caesars World** dropped $2 to $29. Some of the market's weakness, commented a broker, was due to "intense speculation" in gaming stocks.

U.S. Steel was unchanged at $26⅞ but after the close, Standard and Poor's Corporation lowered its rating on some of the company's debt, citing concern about rising debt levels.

General Motors lost 75 cents to $59¾ and **Ford Motor** eased ¼ to $46⅛. Analysts have warned that earnings of the motor industry could be hard hit by weakness in the economy.

American Telephone eased ⅜ to $60¾ despite reporting higher earnings for the three months ended May 31.

IBM lost $3¾ to $265¾. Teledyne $3 to $110¼, **Savin Business Machines** $1¼ to $20⅞ and **Philip Morris**, which completed the acquisition of **Seven-Up**, $1¾ to $67. **Du Pont** lost $1¾ to $115¼. After the close it said it would discontinue some operations.

Prices fell too on the American Stock Exchange. The Average index dropped 1.35 to 148.22 and Volume at 3.53m shares compared with 3.47m on Monday.

Resorts International added $1¾ to $64¾ and was the volume leader. **Husky Oil**, second most active, added 75 cents to $45. **Houston Oil** lost $1 to $22½.

Canada

Canadian share prices closed lower in active trading. The Toronto Composite Index was off 1.2 at 1142.3 with declines in eight of its 14 component groups. Real Estate and Media issues made strong gains but three of the four most heavily weighted groups were weaker. Declines outnumbered advances 253 to 179. Against the trend, Golds advanced 3.9 to end at 1428.5.

Husky Oil, subject of rival takeover bids by **Petro-Canada** and **Occidental Petroleum Corp.**, gained $1 to $50¾ while Irwin Toy "A" added 5 cents to $3.54 on a dividend increase. **Craigmont Copper**, which said mining operations may continue five months longer than expected, was up 15 cents to $4.15. **Imperial General Properties**, which last traded at $17¼, remained suspended. Abacus Cities said it planned to acquire control of **Imperial General**. Volume totalled 3,100,085 shares against Monday's 3,238,590.

In Montreal, the Industrial Index lost 0.53 to 183.35 and Papers declined 1.07 to 115.96.

Tokyo

Share prices finished slightly lower as late liquidations pared early gains in limited trading. The Tokyo Stock Exchange index closed at 411.76, down 0.66.

Export-orientated Electricals and Vehicles fell following the sharp Yen appreciation, with **Matsushita Electric** losing 5 yen to Y729, **Pioneer** Y40 to Y1,760, **Nissan Motor** Y8 to Y802 and **Isuzu Motor** Y8 to Y2?3.

However, Petroleums rose sharply on the Yen appreciation, with **Nippon Oil** gaining Y17 to Y632, **Toa Nenryo** Y20 to Y645 and **Showa Oil** Y13 to Y243. Foods and some Real Estates closed slightly higher, while large capital issues and some Populars eased. **Hitachi** rose initially but closed lower at Y253 on late profit-taking.

Germany

Share prices were firmer on balance in low volume. AEG was virtually unchanged at DM 81.7 ahead of the vote at the annual meeting on a proposal to limit voting rights of any shareholder holding more than 10 per cent of the capital. **Mercedes** rose DM 1 but other Motors were little changed. Banks and Electricals gained up to DM 2.20, with Engineerings also stronger. **Commerzbank** and **Koli und Salz** both gained DM 1.5. **Degussa** at DM 262 rose by DM 1.9.

Johannesburg

Most sectors moved ahead in moderate trade with Gold shares advancing in line with the bullion price and Industrials under some fairly strong institutional demand. Mining Financials were firmer in line with producers. Metal markets advanced in line with the trend in Gold shares with Platinums gaining, reflecting the recent rises in the free market price.

Industrial leaders rose 5-10 cents with popular stocks in Stores, Motors, Property and Insurance sectors between 10 and 75 cents ahead.

Australia

Prices continued to ease with end of Financial Year factors taking over from enthusiasm which began to wane a week ago. Pre-Budget nerves also worried some investors. Most Minings eased, with **Pancontinental** leading the Uraniums down with a 50 cents fall to A$15. **Peko** dropped 20 cents to A$5.30, **CRA** lost 8 cents to A$2.42 and **Western Mining** fell 4 to A$1.53. Speculatives eased further, with **Central Pacific** dropping 50 cents to A$5.50 and **Southern Pacific** 15 to A$1.90. In Industrials **BHP** fell 10 cents to A$7.04, its lowest closing price in a fortnight. The Sydney index fell sharply.

Paris

The bourse eased in quiet trading with the social unrest at Renault and probable strike action on the railways this week-end, the main worries. The approach of the end of the accounting month also explained investors' reserve. Sentiment was also undermined by the Capital Gains Tax Bill now before the Senate and the feeling that the draft law to encourage share investment does not go far enough.

Most sectors weakened although Oils and Chemicals were fairly steady. News of a higher net loss in 1977 for French BP and a possible increase in dividend for **PSA Peugeot-Citroen** this year came too late to move the market.

La Commission des Operations de Bourse, the Paris Bourse's supervisory commitee, said it may publish the names of companies who do not satisfy its recommendations on disclosure of company results. It said in its latest monthly bulletin it attaches the highest importance to proper explanation of company results.

Michelin "B" lost FFr 6 but **Moet Hennessy** advanced by the same amount. **Rossignol** lost FFr 5 to FFr 1,515 and **Carrefour** fell FFr 13 to FFr 1,535.

Amsterdam

Share prices firmed in general, although trading remained quiet. **Unilever** and **Royal Dutch** led gains in Dutch Internationals. Elsewhere, firm shares included **Stevin**, **ABN**, **Ford** and **Pakhoed**. Weak issues followed the lead of **KLM**, **Amev** and **Otra**.

Brussels

Belgian share prices were mostly higher in moderate trading. **Sofina**, **Sidro**, **Electrafina**, **Asturienne**, **Hoboken**, **Cockerill**, **Cometra**, **GB** and **Arbed** rose, while **Reserve** and **Tessenderloo** fell. **Traction Elec.** lost BFr 10 and **La Royale Belge** fell BFr 50. **Société Générale** eased slightly.

Milan

The market moved moderately higher with most Industrials and Financial leaders firming in slack trading. **ANIC**, **Montedison** and **Snia Viscosa** gained in Chemicals, but **Liquigas** eased. **Montefibre** fell sharply following announcement of plans to cut capital to cover losses. **Alitalia** led State-sector stocks higher. **Credito Italiano** and **Banco di Roma** gained in Banks, and **Pirelli Spa** and both **Olivettis** firmed. **Generale Immobiliare** and **Pirelli EC** fell. Bonds were little changed.

Zurich

Prices closed mixed in light activity, as investors kept to the sidelines in the absence of new incentives and with a weaker dollar. Both **Swissair** stocks rose moderately in Transports. Leading Banks and Insurances were barely changed on balance, and except for weaker **Forbo "B"** Financials closed steady. Industrials fluctuated narrowly with **Saurer Bearer** firming, while **Elektrizitaets-Gesellschaft Laufenburg** declined.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax.
▼ Ptas 500 denom. unless otherwise stated.
♣ Kr 100 denom. unless otherwise stated.
♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

CANADA

† Bid. * Asked. § Traded. ¶ New stock

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

TUESDAY'S ACTIVE STOCKS

EUROPEAN OPTIONS EXCHANGE

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♦

COPENHAGEN ♣

MILAN

VIENNA

STOCKHOLM

SPAIN ▼

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	10 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

هكذا من الأصل

Gundelach rules out ban on live animal trade

BY OUR OWN CORRESPONDENT

LUXEMBOURG, June 20.

THE EEC Commission advised the British Government today that a ban on the export of live animals to the continent would violate Community rules on free trade.

But Mr. Finn Gundelach, Commissioner for Agriculture, said the Commission hoped to introduce proposals "in the not-too-distant future" to enforce measures for the prevention of cruelty to live animals transported for slaughter.

Dr. Gavin Strang, junior Agriculture Minister, said this did not go as far as recommendations made more than four years ago by the Council of Europe, which urged that trade in carcases should replace trade in live animals.

Reuter reports that France is insisting that any agricultural concessions made by the EEC in international trade negotiations must be matched by similar offers from other world exporters of farm products.

M. Pierre Méhaignerie, the French Farm Minister, told his EEC colleagues the Community must not accept offers of concessions on industrial goods at the Multilateral Trade Negotiations, now under way in Geneva.

M. Méhaignerie was replying to a report from Mr. Gundelach on the current state of the talks at today's EEC farm council.

Mr. Gundelach said the EEC would not change its present system of subsidies on Common Market farm exports, officials added.

The U.S. has complained that the subsidies, which make up the difference between high EEC and low world market prices for most farm products, are damaging the U.S. farm industry.

Mr. Gundelach said safeguard clauses had to be included to protect domestic markets from harmful imports in any MTN accord because agriculture was a special case, the sources said.

America must also agree to stop charging countervailing import duties on its imports of farm produce except when EEC export subsidies caused a direct loss to its farmers.

Mr. Gundelach also told the ministers that he was optimistic that the EEC would soon reach agreement with African, Caribbean and Pacific sugar exporters on the basis of its present mandate.

Negotiations resume in Brussels on June 22 at ambassador level on a new price for the 1.3m tonnes of raw sugar the EEC will import from ACP states in 1978-79.

The EEC has offered a 2 per cent rise but the ACP negotiators are demanding a 9 per cent increase to compensate them for higher production, transport and insurance costs.

U.S. calls for fish 'war' truce

OTTAWA, June 20.

THE U.S. has called for a truce in the so-called fish war with Canada to allow fishermen from both countries to resume fishing in each other's waters.

The appeal was made by U.S. negotiator Mr. Lloyd Cutler, at the resumption here of bilateral talks aimed at reaching agreement on disputed maritime boundaries and fishing rights.

The talks broke down last month and a reciprocal ban on fishing went into effect on June 4. Fishermen of both countries have respected the ban and no incidents or arrests have been reported.

The dispute arose after each country declared a 200-mile coastal economic zone, leaving overlaping areas claimed by both on the east and west coasts of the continent and in the Arctic.

Canadian sources said the negotiators were considering a settlement which would include a recommendation for international arbitration in some of the disputed areas.

● An international conference on ways of policing 200-mile fishing zones will open in Sydney tomorrow to discuss the latest techniques for detecting and controlling foreign fishing boats.

The conference, backed by the Australian Government, has attracted both government and industry delegates from more than 20 countries, including the U.S., Britain, Canada, Holland, Spain, Denmark, Japan, Malaysia, Argentina and Nigeria.

The gathering, the first of its kind devoted to fishery surveillance and protection, underlines the growing world market for specialist aircraft, patrol boats and radar systems needed by countries extending their fishing limits to 200 miles.

A conference spokesman estimated that the increasing number of countries proclaiming 200-mile zones had created about 600 possible orders for patrol boats worth hundreds of millions of dollars to shipbuilding firms.

There was a comparable demand for aircraft, radar systems and support equipment, he added.

Reuter

French expect to grow 1m tonnes more grain

BRUSSELS, June 20.

TOTAL French cereal deliveries in 1978-79 should rise about 1m tonnes to between 29m and 30m tonnes, officials of France's grain growers' federation, AGPB, said to-day.

M. Philippe Nesser, association president, and Director Mr. Etienne David said French soft wheat deliveries this season should increase to at least 15m tonnes from 14.15m in 1977-78.

They added that barley deliveries should fall to between 5.8m and 6m tonnes from the previous year's 6.52m. tonnes.

They put maize deliveries at 7m tonnes, against last season's 6.9m, but noted it was still too early to be sure about forecasts for this crop.

They noted that the cereal sector still had plenty of scope for expansion, as the EEC had to import around 2m tonnes of substitutes for fodder each year.

The AGPB's annual congress here heard complaints that Brussels farm price adjustments did not cover entirely the significant rise in costs of the past few years.

Another report said growing imports of fodder substitutes, which carry very low duties, presented abnormal competition for European cereals and created grave distortions between producers in different parts of the Community.

Reuter

Bigger U.S. soya area forecast

BRUSSELS, June 20.

U.S. SOYABEAN plantings this year should rise to between 60m and 64m acres, six to seven per cent above last year's 59m acres, Mr. Merlyn Groot, first vice-president of the American Soyabean Association, said here.

Average yields should be 27 to 28 bushels an acre compared with last year's average of 29.6 bushels, he added.

There should be an adequate carryover this year, Mr. Groot said, though it would be less than the latest U.S. Department of Agriculture forecast of 170m bushels. He put it in the 130m to 150m bushel range.

Plantings this year have been delayed past the optimum potential for yields by the weather, he said. But most growing areas have good moisture reserves which will offset the delay to some extent.

However, the late start could be offset by favourable weather in August causing yields to match or come close to last year's high levels.

Cocoa price upsurge continues

LONDON COCOA futures prices were again boosted by the tight technical supply situation on the New York market yesterday. After a hesitant morning London values moved up strongly in the afternoon following another firm New York opening and by the close September delivery cocoa was quoted at £1,783 a tonne, up £52.50 on the day.

Though producers are still holding out for higher prices most major manufacturers are remaining cool and some dealers expect the producers to moderate their price expectations soon.

With nearby futures having gained nearly £130 a tonne in less than a week, signs are emerging that the producers could soon be willing to meet the market and some small quantities of Ivory Coast cocoa were reported to have been sold yesterday.

Ghana is still believed to have current crop cocoa available.

The price rise of the past week has not been aided by any significant fundamental news so most dealers are attributing it to fresh "chartist" buying and stop-loss buying orders.

The early rise in New York yesterday was helped by spill-over buying from Monday when trading was prevented for much of the session following a permissible limit rise early in the day.

SUDAN MEAT PROJECT

Factory-farm sets targets

BY CHRISTOPHER PARKES

GUINNESS PEAT International is breaking new ground in more ways than one with its $45m (£25m) livestock farm-cum-meat factory in Sudan.

Sited within 20 km of the comprehensive transport system around Khartoum and close to the reliable water reserves of the Blue Nile, the Seleit project will occupy about 15,000 acres of virgin land.

Irrigation channels which will eventually water more than two-thirds of the total area are now almost complete. The main canal stretches 30 km up the long, narrow farm. First crops are due to be planted during October.

While salvaging farmland from the wild is now a common enough exercise, transforming virgin territory at one fell swoop into a self-contained intensive crop and stock farm is almost unheard of. GPI expects the project to be in top gear within four years.

The planners say the land should produce up to 100,000 tonnes of feed a year from fields of alfalfa, maize sorghum and varieties of native grass. Under irrigation, two harvests of most crops should be possible each year.

These reserves of vegetable energy will be used to fatten cattle and sheep for slaughter in the project's own abattoir. The beef and mutton will then be boned, vacuum packed and chilled ready for rapid delivery.

Only 20 per cent of the farm's output will be eaten in Sudan. The bulk is to be flown to Middle East markets and elsewhere in Africa.

When fully stocked, Seleit is expected to convert 40,000 head of range-bred cattle a year into 5,400 tonnes of quality beef and produce 3,200 tonnes of mutton from a throughput of 140,000 head of sheep. Exports, it is hoped, will be worth $30m a year.

While that prospect is still at least four years off, GPI claims that the unit will start earning some income by the end of this year. The first animals are due to go to slaughter in December.

Any surplus feed from the first crops can be sold off, the managers claim.

Status

There is no shortage of raw materials. The national herd of cattle has been estimated at 15m head and there are more than 17m sheep in the Sudan. However, there could be problems in persuading nomad stock farmers to yield their animals to the commercial fatteners. A nomad's cattle mean far more to him and his social status than their simple value in hard cash.

The animals themselves, predominantly zebu strains, are known to thrive if given a proper diet—almost anything richer than the scrub fodder from which they traditionally glean a living.

Practical experiments in feedlots with similar cattle in Mexico, for example, have produced excellent results and good meat from the most dubious-looking store cattle.

The over-riding problem, however, is that intensive livestock projects in the developing world have mostly fallen far short of excellence. A similar scheme in Sudan has already been shut down after fighting to keep going for five years.

The resurgent hordes of locusts currently swarming over north-east Africa are not the only clouds hanging over Seleit.

Intensive fattening of cattle which have spent most of their life on the move and in near-isolation greatly magnifies the risk of spreading deadly or debilitating disease. Foot and mouth disease, for example, is endemic in the Sudan—although Seleit is said to be in a "clean" zone.

Stock moving into the farm will have to be thoroughly vetted, and routinely treated for parasites and other afflictions of the range-reared animal.

Disease-carrying flies have to be kept away, and the most commonplace husbandry techniques assiduously applied to keep the stock stress-free and in fair health. Effluent disposal must be efficient and regular.

Crop failure could be costly. Although there are ample supplies of feedstuffs available from elsewhere in Africa or beyond, the economics of feedlot management as practised traditionally demand feed supplies close at hand at low prices.

Competition

Although the market for meat in the region is growing rapidly, the competition is fierce. Australia, New Zealand and Latin American suppliers—increasingly pushed out of the EEC market—are building up new outlets in the Middle East and are able to land good quality beef and lamb at extremely low prices.

Most projects of this type, at least on such a scale, fail to get off the drawing board. Getting as far as this can be regarded as something of a triumph for Guinness Peat.

If the company can push the Seleit project to within striking distance of its targets in time to meet its own deadlines, Guinness Peat will greatly enhance its chances of reaching its own target of $50m-worth of agri-industrial project business a year.

World dairy mountains shrink

BY OUR COMMODITIES STAFF

THE WORST of the world dairy surplus appears to be past. Individual countries managing their own policies have held down output and reduced surpluses.

On the other hand, in the EEC, which produces almost a quarter of world milk output, the underlying imbalance remains, said Mr. J. Empson, chief executive of the Milk Marketing Board's commercial divisions, in his annual report to the International Dairy Federation in Paris yesterday.

Balance of the world market as a whole improved during 1977, and Mr. Empson claims this will continue this year. World stocks of dried skimmed milk peaked in 1976 at 2.3m tonnes, and they had fallen to 1.6m tonnes by the end of last year.

The report singles out Scandinavia, European countries outside the EEC, Canada and Australia as having successfully employed national policies for cutting surpluses. Drought in Australia and New Zealand also contributed.

"The principal exception remains the EEC. Production continues to rise and the full-price consumption of milk and dairy products continues to fall," Mr. Empson said.

The surplus last year was estimated at 14.5 per cent of deliveries.

One major trend in west Europe was the continuing decline in liquid milk sales coupled with further growth in the importance of low-fat milk and long-life, heat-treated products.

The rate of increase in cheese production slowed to only 3 per cent last year. Stocks built up and export openings were hard to find.

However, there was a major upswing in demand for whole milk powder, notably from oil-rich buyers. Output of whole milk powder last year in the main producing countries jumped 29 per cent. But the outlook this year is not so bright.

Butter manufacture rose 4 per cent world-wide last year, but so far during 1978 production levels are holding steady and unchanged in most areas.

Most of the skimmed milk powder has disappeared into the animal feed market, and much of this butter by-product has also been consumed by stock in the less costly liquid form.

International market prices have climbed to more acceptable levels around $500 a tonne (compared with the still grossly inflated EEC support price of almost $1,200), and further improvement can be expected this year since the European Community is continuing its special subsidy schemes for skim powder fed to pigs and poultry.

Mr. Empson expects EEC deliveries of milk to dairies to climb a further 3 per cent this year following a 2.7 per cent rise during 1977.

The size of the Community dairy herd remains more or less unchanged from year to year, but the average cow's yield is rising steadily by 1.5 per cent to 2 per cent a year.

Last year EEC consumption of fresh milk and fresh milk products fell 1 per cent. Butter uptake dropped 2.4 per cent. The only compensation for these continued declines came from the cheese market where purchases rose 2.4 per cent.

Ivory Coast to grow hybrid coffee

THE IVORY Coast is aiming to produce 50,000 tonnes a year of arabusta coffee, an arabica/robusta hybrid, by 1990, Agriculture Ministry sources said here.

First commercial plantings of the hybrid, which should be more profitable than the high-caffeine robustas grown at present, will be made around 500 kms south-east of Abidjan, they said.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	719-.5	-2.5	716-.5	-2.5
3 months	740-.5	-2.5	736.5-7	-3
Settlem't	719.5	-2.5	—	.....
Cathodes				
Cash	718.5-7	+4.75	711.5-3	-2
3 months	736.5-7	-3.5	732.5-3	-2.25
Settlem't	717	-3.5	—	.....
U.S. Smt.	—	.....	*66.5-68	.....

COPPER—Easier on the London Metal Exchange. After opening steady around £740 forward metal dipped to £738 on lack of interest but then picked up to £74[illegible] on the morning kerb following covering against outside sales. In the afternoon the firmer trend in sterling against the dollar caused values to ease with forward metal falling back back to close on the late kerb at £733.5. Turnover 14,550 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £719.00, 19.5, three months £739, 39.5, 40, 40.5. Cathodes, cash £718, 18.5, 17, three months £737. Kerb: Wirebars, three months £741, 1.5, 2, 2.5. Afternoon: Wirebars, cash £716, three months £740, 39.5, 39, 8.5, 7, 6.5, 7. Cathodes, three months £733.5. Kerb: Wirebars, three months £736, 36.5, 36, 35, 34.5, 34, 33, 33.5.

TIN—Lower. The steadiness of the Penang price saw forward metal open at £6,698 and harden to £6,710 on the pre-market but in the Rings hedge selling and stale bull liquidation reversed this trend with the price dipping back to £6,650. In the afternoon the downturn in copper coupled with the absence of any U.S. physical interest prompted stop-loss and U.S. selling which pushed the price down to £6,629 prior to a close on the kerb of £6,650. Turnover 2,045 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
High Grade				
Cash	6785-805	-90	6755-65	-82.5
3 months	6690-700	-70	6665-75	-65
Settlem't	6805	-85	—	.....
Standard				
Cash	6780-800	-37.5	6750-60	-37.5
3 months	6675-80	-60	6650-60	-62.5
Settlem't	6800	-80	—	.....
Straits E.	$1752½	+2½	—	.....
New York	—		—	.....

[illegible]

SILVER

COCOA

COFFEE

SOYABEAN MEAL

SUGAR

GRAINS

RUBBER

WOOL FUTURES

MEAT/VEGETABLES

JUTE

[illegible]

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded leaving the total for the week so far at 11 tonnes. With spinners reluctant to buy ahead and little incentive to increase commitments, the offtake remained narrow. Scattered interest was shown in some Middle Eastern varieties. F. W. Tattersall reported.

Indian jute growers to be paid more

By K. K. Sharma

NEW DELHI, June 20.

LARGELY TO stimulate production, the Indian Government has announced that the statutory minimum price of W-five grade raw jute for the 1978-79 season will be raised by Rs 9 per quintal to Rs 150 at Assam.

Other varieties of raw jute in other states, notably West Bengal, will now also rise by at least the same amount after taking into account other factors like freight and local taxes.

The rise is in line with the recommendation of the Agricultural Prices Commission, which said growers should be given increased incentives.

ZINC PRICE CUT

ZINC prices on the London Metal Exchange dipped yesterday following overnight news from the U.S. that Asarco had followed the lead set by National Zinc and reduced its producer price 2 cents a pound to 29 cents.

Three months metal closed £6 down at £321.25 and cash zinc lost £5 to £311.75 a tonne.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 20 1978	+ or —	Month ago
Grains			
Barley EEC			
Home Futures	£81.45	+0.25	£79.95
Maize			
French No. 3 Am	£103.75	.....	£106.5
Wheat			
No. 1 Red Spring	£96.5	+1.0	£95.5
No. 2 Hard Winter	‡	.....	‡
English Milling	£104.5	.....	£102
Cocoa Shipment	£1,882	+54.0	£1,828
Future Sept	£1,783	+52.5	£1,767.5
Coffee Future			
Sept	£1,562	+28.5	£1,576
Cotton 'A' Index	72.45c	-0.1	71.2c
Rubber kilo	57p	-0.75	56p
Sugar (Raw)	£95	-3.0	£101
Woolltops 64s kilo	283p	.....	280p

* Nominal. ‡ Unquoted. k August. m June-August. n July-Sept. u July. z June-July. x Per ton.

FINANCIAL TIMES

June 20	June 19	Month ago	Year ago
248.37	247.57	248.21	250.72

(Base: July 1, 1952=100)

REUTER'S

June 20	June 19	Month ago	Year ago
1496.8	1502.1	1486.9	1605.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 20	June 19	Month ago	Year ago
Spot	365.20	363.18	358.85	391.53
Futures	353.73	363.61	354.71	365.74

(Average 1924-25-26=100)

MOODY'S

Moody's	June 20	June 19	Month ago	Year ago
Spie Commty	928.5	930.7	925.0	980.7

(December 31, 1931=100)

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £4.00-£4.50, codlings £3.00-£3.60; large haddock £4.50-£5.00, medium £3.50-£4.40, small £2.60-£2.50; large plaice £5.00, medium £4.70-£5.20, best small £3.80-£4.50; large skinned dogfish large £9.00, medium £6.00; large lemon soles £7.50, medium £6.20; rockfish £1.60-£2.40, reds £2.00-£2.40, saithe £2.00-£2.50.

★

LONDON PALM OIL—Close: June 300.00-330.00, July 300.00-330.00, Aug. 300.00-330.00, Sept. 290.00-330.00, Oct. 290.00-320.00, Nov. 280.00-315.00, Dec. 290.00-310.00, Jan. unquoted, Feb. unquoted. Sales: Nil.

U.S. Markets

Metals fall; cocoa limit up

NEW YORK, June 20.

COPPER EASED on renewed Commission House liquidation and trade hedge selling. Precious metals closed lower on speculative liquidation following a disappointing U.S. gold auction. Cocoa closed limit-up in spots on Commission House buying and trade arbitrage buying. Sugar closed near unchanged on chart selling, absorbed by industrial price fixing, Bache reports.

[illegible]

STOCK EXCHANGE REPORT

Inflation worries add to political uncertainties

Equities down again but Gilts rally well from lowest

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Already under a cloud of political and economic uncertainty, stock market confidence was undermined further yesterday by the inflationary implications of the sharp rise in average earnings during April.

Leading equities encountered fresh public selling and, with *buyers again holding off, prices* drifted lower. A small technical rally, mainly in the late dealings, left final quotations a penny or so above the worst and the F.T. 30-share index, which recorded a loss of 5.4 at 2 p.m., closed 3.6 down on balance at 463.4. Against the trend in the leaders, **Plessey**, 99p, and **Allied Breweries**, 86p, both closed a shade dearer *following satisfactory* trading statements.

British Funds moved in a similar pattern, but the recovery movement *here was decidedly* more marked. Further liquidation of speculative positions took long-dated stocks down ¼ afresh in *the earlier dealings, but support* was forthcoming at the lower levels and prices eventually settled to show falls of only ¼ on *balance.* The tap, **Exchequer** 12 per cent, 2013-17 (£15 paid) closed that amount down at 14, after 13¾. Short-dated issues were also well above the worst, *closing* with minor falls of ⅛ or so after having recorded earlier losses ranging to ¾. Despite the good recovery, the *underlying tone was* still uncertain, however.

Dullness in secondary issues was more noticeable than on Monday, this being reflected in the 9-to-2 majority of falls over rises in F.T.-quoted Industrials and a loss of 0.9 per cent to 212.93 in the F.T.-Actuaries All-Share index. There was a small increase in activity as measured by official markings of 4,771 compared with the 4,480 of the previous day.

Recently-issued scrips sustained slightly heavier falls than other *Corporations and* **Tyne and Wear** 12 per cent 1986 ended ¼ lower at 48¾, in £50-paid form, while Barnet 12½ per cent 1987 (£10-paid) gave up ¼ at 10⅞.

Mirroring overnight arbitrage business in Hong Kong securities, the investment currency premium opened higher and reached 115½ per cent before reacting to close a net ½ lower at 114½ per cent. Institutional interest of both a buying and selling nature was reported. Yesterday's SE conversion factor was 0.6607 (0.6628).

The market in Traded Options was a shade quieter with contracts totalling 515 compared with the previous day's figure of 597. Over 90 contracts were done in **ICI**, followed by **Commercial Union** and **Cons. Goldfields** with 86 and 85 respectively.

Unsettled still by growing criticism of the proposed purchase of the Investment Trust Corporation cum cash resale to the Post Office Pension Fund, *Barclays cheapened 3 more to* 315p. **NatWest** closed a similar amount lower at 265p despite news that it is to raise charges on personal accounts. **Lloyds**, 262p, and **Midland**, 352p, lost 6 apiece. Elsewhere, **ANZ** relinquished 7 *more to 278p on further consider*ation of the proposed A$31m rights issue. Discounts eased throughout with **Seccombe Marshall and Campion** 10 off at 220p and **Union** a similar amount lower at 320p. Merchant Banks were *featured* by a decline of 7 to 233p, after 230p, in **Guinness Peat** following details of the £24.6m Sudanese meat processing project. ***Brown Shipley** improved 5 to 230p* after the chairman's encouraging annual statement, while **Hambros** edged forward 2 to 190p.

Insurances closed with an easier bias after a thin trade. Brokers were susceptible to small offerings and **Sedgwick Forbes**, *405p, and* **C. E. Heath**, 250p, lost 15 and 10 respectively. **Leslie and Godwin** shed 3 to 99p as did **Willis Faber** to 255p. **General Accident** *declined 8 to 210p among Composites where* **Royals** dipped 9 to 358p.

Breweries staged a modest afternoon *rally* in the wake of satisfactory interim figures from **Allied**, which closed a penny harder at 86p. **Whitbread "A"** ended fractionally easier at 91½p and **Bass Charrington** closed a penny off at 155p, after 153p. **Guinness** were 2 cheaper at 166p, after 165p. Distilleries lost ground with **Highland** finishing 3 down at 135p and **A. Bell** 8 lower at 234p.

In idle Buildings, **Blue Circle** eased 2 to 238p and **Tunnel B**, awaiting tomorrow's preliminary results, cheapened 4 to 258p. *Notably lower in Contracting and* Constructions were **Richard Costain**, at 280p, down 10, while **Norwest Holst**, firmer Monday on a *little speculative interest, gave up* 3 at 92p. **Brown and Jackson** finished 5 cheaper at 118p and **Pochins** 7 down at 140p.

ICI finished 6 lower at 378p but encountered occasional buying interest at the lowest level of 377p. Awaiting the Office of Fair Trading's decision whether or not *to refer the offer from Tenneco* to the Monopolies Commission, **Albright and Wilson** cheapened 4 to 165p. Further small selling left **Stewart Plastics** 3 lower at 143p and **Allied Colloids** similarly easier at 72p, but **Horace Cory** *improved a penny to 23p follow*ing a small buying interest.

Howard and Wyndham added 1½ to 27p in reply to a broker's bullish circular and, in Televisions, **Associated** eased marginally to 113p ahead of tomorrow's full-year figures.

Audiotronic weak

Audiotronic became a prominent *dull feature in Stores, falling 6* to 25p, after 21p, *on the* proposed capital raising plans and unquantified French loss. *Elsewhere, Allied Retailers*, 268p, and **Liberty**, 154p, lost 4 apiece, while **Ratners** were a similar amount *lower at 66p.* **Baker's**, however, *hardened 1½ to 31p in response* to Press comment ahead of today's interim results and **Ramar Textile** revived with an improvement of *1½ to 7½p. The leaders drifted* easier on lack of interest and **W. H. Smith A** gave up 4 to 154p, while **British Home** declined 3 to 185p.

Plessey rallied from a slightly lower level of 97p to finish a penny harder at 99p following preliminary figures which satisfied market estimates. Other Electrical leaders often recovered *in sympathy and*, although **BICC** were a shade off at 115p, **EMI** rallied from a 1978 low of 133p to close without alteration at 135p. **Philips' Lamp** mirrored overseas advices with a rise of 15 to 985p. Among secondary issues, small selling clipped 3 from **A.B. Electronics**, at 117p, and 5 from **Campbell and Isherwood**, at 130p. Dealings were *resumed* in **Crellon**, which were suspended on March 31; the ordinary opened at 16p and closed at 18p ex the rights entitlement, while the 12 per cent convertible preferred, offered by way of rights to ordinary and convertible holders, improved from 7p to close at 9½p premium.

Sporadic offerings ahead of Friday's annual results left **John Brown** 6 easier at 350p among quietly dull Engineering leaders. **Tubes** relinquished 5 to 363p and **Vickers** declined 4 to 174p. Elsewhere, **Anderson Strathclyde** put *on 4 to 62p in response to better*-than-expected results but losses of a similar amount were seen in **Pegler-Hattersley**, 160p, and **Staveley Industries**, 280p. **Peter Brotherhood** gave up 3 to 141p as did **Burgess Products**, at 49p, and **Simon**, at 227p.

Awaiting tomorrow's preliminary figures, **J. Lyons** reacted 5 on nervous selling to 101p in otherwise lack-lustre Foods. **Associated Dairies** eased 3 to 225p, while losses of 4 occurred *in* **Highgate and Job**, 48p, and **Rowntree Mackintosh**, 403p. **Avana**, however, closed a shade firmer at 37½p in front of today's results and **Danish Bacon "A"** edged forward 2 to 116p on news of the Ess-Food shareholding. Supermarkets drifted lower with **Tesco** losing a penny to 44p ahead of today's annual figures. Hotels and Caterers had a couple of dull *spots in* **Ladbroke**, *3 off at 185p*, and **Trust Houses Forte**, 5 cheaper at 210p.

Powell Duffryn firm

Publicity given to a broker's bullish circular soon after last Friday's excellent results and *proposed 100 per cent scrip issue* helped boost **Pilkington**, which improved 8 more to 543p. Other miscellaneous Industrial leaders, however, moved lower in thin trading. **Glaxo** shed 7 to 563p, after 561p, and **Turner and Newall** lost 3 to 175p. Secondary stocks were featured by a rise of 12 to *180p in* **Powell Duffryn** following better-than-expected preliminary results, while **Isle of Man Railways** jumped 9 points to £19 in a restricted market; the latter company is in liquidation and news is currently awaited of possible distributions. **J. W. Spear**, on the other hand, fell 23 to 205p after comment on the sharp contraction *in second-half earnings.* **ICL** came on offer at 296p, down 6, **Hunting Associates** dipped 5 to 217p and **Wilson Walton** declined *4 to 64p.*

Scrappy selling left Motor Distributors with a string of small falls. **Henlys** eased 1½ to 129½p, while **Glanfield Lawrence**, 30p, and **Tate of Leeds**, 72p, gave up 2 apiece. **Hartwells** were on offer and the Ordinary lost 3 to 97p; the new nil-paid shares fell 4 to 18p premium.

Newspapers remained friendless. **Associated and United** were 4 easier at 158p and 352p respectively, while **Thomson** shed 5 at 240p. **News International** cheap*ened 3 at 250p ahead of Friday's* interim statement. Elsewhere, profit-taking clipped 10 from **Associated Book Publishers**, at 238p. In Paper/Printings, **Tridant** moved higher on the offer from **Starwest Investment** for the shares not already owned and, on hopes that the 63p cash per share bid will be increased, the independent directors of Trident consider the terms inadequate, closed a net 15 up at 70p. Scattered offerings *left* **L. and P. Poster** 5 down at 190p and **Mills and Allen** 7 lower at 168p.

Properties passed a drab session. Leading issues drifted lower and **MEPC** closed 4 cheaper at 122p, while **English** ended a penny *down at 41p. Elsewhere,* **Evans of Leeds** settled 3 easier at 96p after having been tentatively raised to 108p on news of the increased revenue and property revaluation.

Oils quiet

Oils remained subdued and **British Petroleum** eased 4 to 852p, while **Shell** lost a couple of pence at 532p. **Burmah** remained at 65p *throughout and* **Ultramar**, *initially* a shade easier at 256p, eventually reverted to the overnight level of 258p. **Tricentrol** went lower to 176p, but rallied to 180p, just 2 cheaper on balance, following the North American oil and gas assets evaluation. **Siebens (U.K.)**, however, were again subjected to further profit taking and ended 10 down at 328p, after 324p. In contrast, dollar premium influences prompted an improvement of ¾ to £48½ in **Royal Dutch**.

The terms of the proposed **James Finlay/Taylor Woodrow** offer for Seaforth Maritime, a private concern, lowered the first-named to 377p before a close 8 *easier on balance at 382p.* **Taylor Woodrow** were eventually 6 off at 372p but, reflecting the cash benefits resulting from its entitlement *in the deal,* **Lyle Shipping** *rose sharply to 143p in a restricted* market before meeting with profit-taking and closing a net 3 *cheaper at 125p.*

Still reflecting the controversial deal whereby **Barclays Bank** intends to buy the **Investment Trust Corporation** on behalf of the Post Office Superannuation Fund, **ITC** eased 3 to 262p for a two-day loss of 11. Other Trusts and Financials were also dull. **S. Pearson** fell 4 to 220p, while Capital issues had **Dualvest** 3 easier at 213p and **New Throgmorton** 4 cheaper at 113p.

Textiles provided two notable *casualties.* ***Courtaulds** closed 3* off at 119p, after 118p, with sentiment upset by the auditors' qualification of their report in respect of the company's taxable profits for 1977-78. **Dawson International** were also on offer, *the ordinary* and **A** losing 6 apiece at 128p and 125p respectively following Press comment on the results.

Stock shortages accentuated several rises in South African Industrials where **OK Bazaars** and **Tiger Oats** both *rose* 10 apiece to 440p and 590p respectively. **Greatermans A** gained 3 to 138p.

Golds buoyant

Expectations of a good outcome *to the U.S. Treasury gold auction* prompted a further $1.25 rise in the bullion price to $186.375 per ounce—a $3.75 improvement over the past three trading days—and enabled South African Golds to put on a bright performance.

The Gold Mines index, up 4.1 at 164.2 for a three-day gain of 7.2, reached its best level for over three months, as did the bullion price.

Buying of Golds was widespread and as U.S. interest in the late trade followed initial Cape *buying prices closed at the day's* best levels.

Features among the heavyweights were **Randfontein**, a *point firmer at £36,* **Buffels**, *which* added a half-point to a new high of £10¾ and **Vaal Reefs**, which improved ¾ to £14¼, also a year's *peak. Medium-priced issues to* register new highs included **Winkelhaak**, 28 better at 695p and **Western Deep**, 21 to the good at 836p.

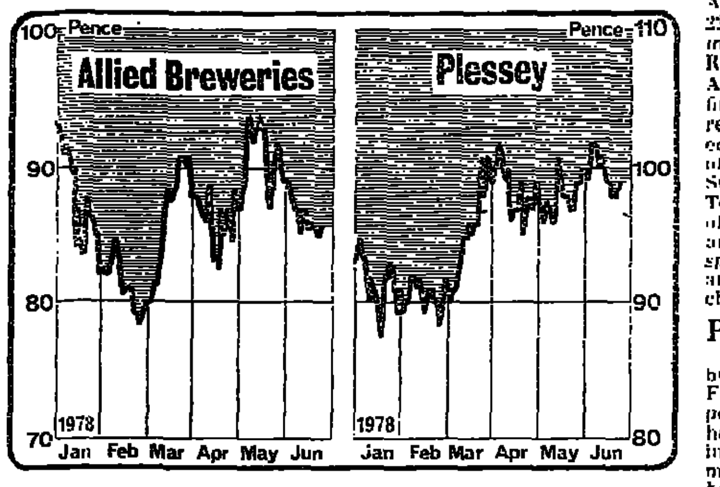
The buoyancy of Golds prompted similar gains in South African Financials, with most issues also attaining 1978 highs. **Anglo American** advanced 14 more to 340p and **Union Corporation** 10 to 280p.

The strength of **De Beers**, another 5 up at a high of 380p, resulted in a substantial demand for **Anglo American Investment Trust** which climbed £1¾ more to £41½; on Friday the shares were £38.

In contrast with South Africans, Australians attracted little attention *and fell away* in line with the downturn in overnight domestic markets. The Rundle oil shale partners again registered heavy losses with ***Central Pacific*** 50 off at 520p and **Southern** *Pacific* 15 lower at 180p.

In Uraniums, **Peko-Wallsend** dropped 30 to 490p, while the base-metal producer **MIM Holdings** gave up 9 to 189p.

On the other hand, the coal *producing* **Utah Mining Australia** rose 25 to 405p following news of further export contracts.



FINANCIAL TIMES STOCK INDICES

	June 20	June 19	June 16	June 15	June 14	June 13	A year ago
Government Secs.	69.74	69.94	70.44	70.57	70.65	70.78	57.31
Fixed Interest	72.09	72.29	72.52	72.56	72.49	72.36	[illegible]
Industrial Ordinary	463.4	467.0	470.6	469.2	471.9	474.5	[illegible]
Gold Mines	164.2	160.1	157.9	157.0	158.3	160.2	[illegible]
Ord. Div. Yield	5.75	5.66	5.62	5.63	5.60	5.58	[illegible]
Earnings Y'ld%(full)(*)	16.48	16.31	16.39	16.43	16.32	16.26	[illegible]
P/E Ratio (net)(*†)	8.13	8.25	8.16	8.14	8.20	8.23	[illegible]
Dealings marked	4,771	4,480	4,541	4,862	4,846	5,165	[illegible]
Equity turnover £m	—	56.12	64.88	64.71	73.82	78.06	[illegible]
Equity bargains total	—	13,524	15,906	16,123	[illegible]	[illegible]	[illegible]

10 am 462.8. 11 am 461.3. Noon 461.7. 1 pm 460.6. 2 pm 461.6. 3 pm 462.2.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.88.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (5/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 20	June 19
—Daily		
Gilt-Edged	172.7	[illegible]
Industries	162.2	[illegible]
Speculative	33.8	40.9
Totals	108.6	102.0
5-day Av'rage		
Gilt-Edged	168.7	[illegible]
Industrials	158.2	158.8
Speculative	41.8	[illegible]
Totals	105.6	107.4

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 20	*July 3*	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Money was given for the call of Reardon Smith A, Spillers, Associated Dairies, Ultramar, Premier Consolidated Oil, Queen's Moat Houses, London and Northern, Pacific Copper, UDT, Ladbroke Warrants, Tebbitt, Appleyard, Orme Developments, Britannia Arrow, GRA Property Trust, Caffyns, Dawson International A, Paramba and Duple International. Puts were done in *H. P. Bulmer* and Electronic Machine, while doubles were arranged in British Land, Mersey Docks, UDT, [illegible] and Westland.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	378	−6	398	328
Shell Transport	25p	10	532	−2	586	484
BP	£1	8	832	−4	892	720
Marks & Spencer	25p	8	140	−1	160	135
Sketchley	Nil/pd.	8	17½pm	−2½	20pm	17½pm
Barclays	£1	7	315	−3	358	298
Beecham	25p	7	645	—	678	583
GEC	25p	7	259	−1	278	233
Grand Met.	50p	7	107	—	117½	87
Rank Org.	25p	7	248	—	268	225
Sedgwick Forbes	10p	7	405	−15	425	310
BATs Defd.	25p	6	282	+2	296	227
Boots	25p	6	191	−1	231	184
EMI	50p	6	135	—	190	133
NatWest	£1	6	265	−3	298	254

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (65)

AMERICANS (1)
CANADIANS (1)
BUILDINGS (2)
CINEMAS (1)
DRAPERY & STORES (2)
ELECTRICALS (1)
ENGINEERING (1)
FOODS (2)
INDUSTRIALS (7)
MOTORS (1)
NEWSPAPERS (1)
PAPER & PRINTING (1)
PROPERTY (2)
SHIPPING (1)
SOUTH AFRICANS (3)
TEXTILES (1)
TRUSTS (14)
OVERSEAS TRADERS (4)
TEAS (3)
MINES (16)

NEW LOWS (23)

BRITISH FUNDS (6)
Treas. 7¼pc '85-88 | Exchqr. 10½pc 1995
Treas. 12¼pc 1992 | Treas. 13¼pc 1997
Treas. 12pc 1995 | Treas. 7¾pc 2012-15
FOREIGN BONDS (1)
Ireland 7½pc '81-83
BANKS (1)
Hill Samuel Wts.
BUILDINGS (1)
Mowlem (J.)
CINEMAS (1)
Rediffusion TV Pf.
DRAPERY & STORES (1)
Audiotronic
ELECTRICALS (2)
Brocks | EMI
ENGINEERING (1)
British Northrop
FOODS (2)
Highgate & Job | Nurdin & Peacock
INDUSTRIALS (2)
L.R.C. Int. | Spear (J. W.)
INSURANCE (1)
Matthews Wrightson
NEWSPAPERS (1)
Gordon & Gotch
SHIPPING (1)
Ocean Transport
TEXTILES (1)
Levex
TRUSTS (1)
N. Throgmtn. Inc.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	9	57	11
Corp. Dom. and Foreign Bonds	—	24	41
Industrials	124	570	846
Financial and Prop.	45	227	268
Oils	3	14	17
Plantation	3	5	28
Mines	65	22	38
Recent Issues	2	13	23
Totals	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	112	—	125	5	145	—	853p
BP	800	62	—	83	7	106	—	..
BP	850	24	—	50	—	76	—	..
BP	900	3	17	25	—	54	—	..
Com. Union	140	11	10	18	10	21½	20	147p
Com. Union	160	1½	20	7	26	11½	—	..
Cons. Gold	160	18	5	25	—	29	7	175p
Cons. Gold	180	4	35	13	58	19	—	..
Courtaulds	100	19	1	22½	—	24	2	118p
Courtaulds	110	9½	5	14½	—	16	—	..
Courtaulds	120	4	—	9½	15	13	—	..
Courtaulds	130	¾	—	5½	20	7½	—	..
GEC	220	41½	2	48	2	55	—	259p
GEC	240	21½	7	32	2	41	—	..
GEC	260	8	5	20	2	30	—	..
GEC	280	1¾	1	10	2	20	—	..
Grand Met.	100	8	1	12½	45	17	—	107p
Grand Met.	110	3	—	7	20	11	—	..
Grand Met.	120	1	—	3	5	7	4	..
ICI	330	54	20	63	2	66	5	379p
ICI	360	25	—	32½	6	40	—	..
ICI	390	5	5	16	8	26	8	..
ICI	420	1	25	7	10	15½	2	..
Land Secs.	180	32	4	36	4	39	—	210p
Land Secs.	200	12½	2	19½	3	25	—	..
Land Secs.	220	1½	3	8½	8	13½	1	..
Marks & Sp.	120	21½	—	26	—	29	—	140p
Marks & Sp.	140	5½	—	11½	—	15½	—	..
Marks & Sp.	160	1	—	4	—	9	—	..
Shell	500	38	7	59	1	71	6	532p
Shell	550	6	—	21	—	39	—	..
Shell	600	1	26	9	—	21	20	..
Totals			199		241		75	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
75	F.P.	30/6	[illegible]	87½	Bramall (C.D.)	87½	......	¢4.5	3.1	7.7	4.8
100	F.P.	5/7	[illegible]	142	Eurotherm	166	......	†2.64	3.0	2.4	15.8
154	F.P.	—	[illegible]	35	Thames Plywood	34	−2	‡‡2.0	2.3	8.9	7.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
100	F.P.	—	100½	100¼	Agric. Mort. Var. Rate Bds. 1983	100¼	......
••	F.P.	21/7	9½p	94p	Automotive Prods. 9% Pref.	94p	......
£98	£10	22/9	12	9½	Barnet 12½% Red. 1987	10⅛	−⅛
••	F.P.	14/7	9½p	98p	Clive Discount 9¼% Cum. Pref.	98p	......
..	Nil	—	9½pm	7pm	Crellon 12% Conv. Prfd. 1979-83	9½pm	......
••	F.P.	7/7	9½p	97p	Dewhirst (I.J.) 9½% Cum. Pref.	98p	......
£100	—	—	100½	100½	Edinburgh (City of) Var. Rate 1983	100⅛	......
¶¶£97.55	£10	28/7	11	10½	Essex Water 7% Red. Pref. 1983	11	......
¶	F.P.	25/8	½pm	½pm	Fairview Ests. 13.85% Deb.	½pm	−½
••	F.P.	25/8	99½p	99p	Greenfield Millett 10% Cum. Pref.	99½p	......
£99	£50	25/8	49½	49½	Greenwich (Lon. Bor. of) 11½% Red. 1986	47¾	−¾
••	F.P.	11/8	101	99	Liberty & Co. 9.5% Prf.	100	......
••	F.P.	21/7	9½p	92p	NSS Newsagents 9% Cum. Pref.	92p	......
100p	—	25/6	98p	96p	Pittard 9½% Cum. Prf.	96p	−1½
••	F.P.	30/6	10½	104	Pressac 10½% Cum Pref.	105	+1
••	F.P.	7/7	100	99	Quick (H. & J.) 10% Prf.	99	−1
109	F.P.	—	109p	109p	Robinson Bros 11% Pref.	109p	......
••	F.P.	21/7	97½	97½p	Smith St Aubyn 9¾% Cum. Pref.	97½p	......
£99	£10	21/7	10½	10	South Tyneside 12½% Red. 1986	10⅛	−¼
£100	F.P.	26/6	101	95	Tenant 15% Cnv. Uns. Ln. 1985	95	......
£98¾	£50	1/9	50½	47½	Tyne & Wear 12% Red. 1986	48¼	−¾
••	F.P.	16/6	101p	99p	Waste Potteries 10% Prf.	100p	+1
£98½	£25	—	25½	25¼	West Kent Water 12% Deb. 1986	25¼	−¼

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p:	+ or −
20	F.P.	15/6	7/7	185	176	Brent Chemicals	191	......
45	Nil	—	—	13pm	13pm	British Tar Products	13pm	......
20	F.P.	9/6	7/7	60	52	Central Manufacturing	58	−1
70	F.P.	16/6	21/7	99½	93	Dobson Park Inds.	99	......
R5.05	Nil	—	—	20pm	16pm	Elandsrand Gold Mining	16pm	......
—	—	30/6	25/8	115	113	Fairview Ests.	113	......
82	Nil	—	—	22pm	18pm	Hartwells	18pm	−4
64	Nil	22/6	19/7	13pm	10pm	Hestair	13pm	......
145	F.P.	16/6	21/7	162	154	Howden (Alexander)	161	−1
29	Nil	3/7	28/7	13½pm	9½pm	Hyman (I. & J.)	13½pm	....
92	Nil	—	—	20pm	17½pm	Sketchley	17½pm	−2½
20	F.P.	5/6	17/7	25½	22	Wettern	22	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. *q* Gross. ‡ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., June 20, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Mon. June 19 Index No.	Fri. June 16 Index No.	Thur. June 15 Index No.	Wed. June 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	212.85	−0.6	17.75	5.66	7.86	214.05	215.17	213.99	215.25	175.85
2	Building Materials (28)	190.12	−0.5	18.37	5.73	7.83	191.11	190.52	187.65	188.48	149.12
3	Contracting, Construction (26)	340.69	−1.0	20.32	4.03	7.15	344.07	345.57	345.60	348.22	246.01
4	Electricals (15)	450.09	−0.4	15.28	3.97	9.27	452.03	455.01	453.19	456.75	339.67
5	Engineering Contractors (14)	317.16	−0.7	18.93	6.43	7.04	319.49	320.81	318.56	323.27	249.58
6	Mechanical Engineering (72)	172.52	−0.6	18.49	6.20	7.36	173.61	174.96	174.89	176.09	159.75
8	Metals and Metal Forming (16)	162.99	−0.3	17.58	8.63	7.75	163.53	165.06	163.35	163.12	149.22
	CONSUMER GOODS										
11	(DURABLE) (52)	197.57	−0.8	16.89	4.85	8.32	199.14	199.85	198.55	199.52	166.00
12	Lt. Electronics, Radio TV (15)	233.02	−0.8	14.99	3.71	9.40	234.84	235.20	233.67	234.13	186.91
13	Household Goods (12)	176.61	−1.2	16.24	6.39	8.44	178.67	179.21	179.81	180.00	160.35
14	Motors and Distributors (25)	124.80	−0.7	19.91	6.24	7.06	125.71	126.56	125.46	126.72	130.85
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	199.18	−0.7	16.14	5.88	8.43	200.64	201.83	200.77	202.13	164.15
22	Breweries (14)	225.47	−0.1	15.13	6.01	9.50	225.69	227.53	228.69	228.79	173.93
23	Wines and Spirits (6)	250.66	−1.4	16.14	5.75	9.40	254.14	257.66	256.51	256.91	181.33
24	Entertainment, Catering (17)	250.00	−0.8	15.63	6.83	9.28	252.04	254.53	253.66	254.58	205.85
25	Food Manufacturing (22)	196.45	−0.3	19.46	5.68	6.84	197.12	197.91	198.61	199.41	172.33
26	Food Retailing (15)	199.84	−1.3	14.55	5.03	9.53	202.46	202.37	202.48	203.28	165.40
32	Newspapers, Publishing (13)	363.56	−1.7	10.99	3.41	12.99	370.01	375.47	376.42	376.70	293.49
33	Packaging and Paper (15)	134.89	−0.5	19.71	7.84	6.69	135.51	136.84	135.04	136.26	118.36
34	Stores (39)	177.41	−0.9	11.80	4.60	12.51	179.00	178.83	177.15	179.14	142.47
35	Textiles (25)	177.40	−1.2	17.57	7.80	7.49	179.47	180.80	180.34	182.36	165.25
36	Tobaccos (3)	247.83	−0.4	22.31	7.55	5.33	248.83	252.39	246.83	250.33	207.89
37	Toys and Games (6)	105.48	−1.2	19.28	5.92	6.33	106.73	107.31	106.79	107.13	98.72
41	OTHER GROUPS (97)	195.30	−1.0	16.54	5.86	7.93	197.26	198.27	197.74	199.44	175.77
42	Chemicals (19)	278.72	−1.3	17.89	6.27	7.59	282.40	284.79	284.81	286.75	247.32
43	Pharmaceutical Products (7)	254.95	−0.6	11.61	4.02	10.76	256.58	257.76	257.16	258.98	[illegible]
44	Office Equipment (6)	132.63	−0.3	18.06	4.90	6.55	133.00	133.74	132.77	134.21	97.28
45	Shipping (10)	417.14	−1.1	18.99	7.62	6.38	421.92	419.92	419.95	430.52	492.48
46	Miscellaneous (55)	201.76	−1.0	17.43	6.49	7.72	203.82	204.56	203.41	205.00	171.31
49	INDUSTRIAL GROUP (495)	208.27	−0.8	16.68	5.75	8.15	209.86	210.99	209.99	211.44	176.22
51	Oils (5)	477.75	−0.4	15.45	4.14	7.02	479.86	484.20	487.04	490.18	492.41
59	*500 SHARE INDEX*	230.70	−0.7	16.50	5.51	7.96	232.35	233.73	233.00	234.58	201.66
61	FINANCIAL GROUP (100)	161.24	−1.6	—	5.87	—	163.94	164.71	164.56	165.12	136.87
62	Banks (6)	182.43	−1.3	25.94	6.15	5.84	184.82	186.24	187.33	188.85	155.82
63	Discount Houses (10)	209.75	−2.0	—	8.25	—	214.10	215.60	216.07	216.28	160.60
64	Hire Purchase (5)	145.05	−1.8	13.47	5.66	10.99	147.66	147.56	143.78	145.19	132.57
65	Insurance (Life) (10)	133.01	−2.0	—	6.85	—	135.76	136.95	136.08	137.49	105.88
66	Insurance (Composite) (7)	123.69	−2.4	—	6.90	—	126.70	127.73	127.42	127.76	109.85
67	*Insurance Brokers* (10)	327.53	−2.5	14.39	4.78	9.96	335.98	335.18	335.88	334.29	288.98
68	Merchant Banks (14)	79.80	−0.9	—	6.21	—	80.51	80.10	79.88	80.19	66.48
69	Property (31)	233.59	−0.9	3.09	3.18	56.87	235.67	235.27	233.96	234.05	190.61
70	Miscellaneous (7)	109.05	−0.4	24.31	7.40	5.69	109.54	110.22	110.76	109.27	80.44
71	Investment Trusts (50)	213.00	−0.7	3.19	4.66	31.37	214.54	215.15	215.11	213.99	164.85
81	Mining Finance (4)	100.24	+0.3	17.24	6.94	7.00	99.98	100.73	101.24	102.36	91.01
91	Overseas Traders (19)	308.67	−0.8	16.81	6.82	7.29	311.27	310.82	313.20	313.34	270.31
99	*ALL-SHARE INDEX* (673)	212.93	−0.9	—	5.58	—	214.76	215.94	215.85	216.66	184.33

FIXED INTEREST PRICE INDICES

	British Government	Tues. June 20	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.50	+0.01	—	4.51
2	5-15 years	113.27	−0.18	—	5.95
3	Over 15 years	119.31	−0.23	—	7.02
4	Irredeemables	123.83	−1.10	—	6.30
5	All stocks	111.87	−0.15	—	5.72

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues. June 20	Mon. June 19	Year ago (approx.)
1	Low Coupons	5 years	8.77	8.76	7.65
2		15 years	11.03	10.98	11.39
3		25 years	11.77	11.70	12.44
4	Medium Coupons	5 years	11.45	11.43	10.21
5		15 years	12.22	12.19	12.18
6		25 years	12.36	12.33	12.84
7	High Coupons	5 years	11.65	11.63	11.16
8		15 years	12.70	12.66	13.33
9		25 years	12.98	12.95	13.52
10	Irredeemables		11.88	11.74	12.59

		Tuesday, June 20 Index No.	Tuesday, June 20 Yield %	Monday June 19	Friday June 16	Thurs. June 15	Wed. June 14	Tues. June 13	Monday June 12	Friday June 9	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.35	†12.96	57.54	57.36	57.37	57.56	57.29	57.11	56.94	58.03
16	Investment Trust Prefs. (15)	52.36	13.52	52.79	52.79	52.75	52.94	52.94	52.94	52.51	51.85
17	Coml. and Indl. Prefs. (20)	71.17	13.02	71.55	71.59	71.62	71.74	71.72	71.37	71.34	69.98

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

COMPANY NOTICES

TANGANYIKA CONCESSIONS LIMITED

NOTICE IS HEREBY GIVEN that the Seventy-sixth Annual General Meeting of Tanganyika Concessions Limited will be held at the Head Office of the Company, Bahamas International Trust Building, Bank Lane, Nassau, Bahamas, on Monday, 24th July, 1978, at 11.30 a.m. for the purposes following:—

ORDINARY BUSINESS

1. To receive and consider Statement of Accounts for the year ended 31st December, 1977, and Balance Sheets at that date, and the Reports of the Directors and Auditors.
2. To approve a Dividend.
3. To re-elect as Directors:
 (a) D. A. Catt.
 (b) M. M. Goblet.
 (c) P. E. G. Corbiau.
 (d) P. R. Froggatt.
 (e) The Hon. A. L. Hood.
4. To re-appoint the Auditors.
5. To fix the remuneration of the Auditors.

SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution, namely —
 "That the name of the Company be changed to Tanks Consolidated Investments Limited."

By Order of the Board,
BAHAMAS INTERNATIONAL TRUST COMPANY LIMITED,
Secretaries.

Nassau, Bahamas.
20th June, 1978.

A Member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.

Holders of Stock Warrants to Bearer desirous of attending or being represented at the Meeting may obtain from the Registered Office of the Company form of certificate to be signed by an Authorised Depositary stating that the Stock Warrants are deposited with them and the form when signed must be lodged at the Company's Registered Office on or before Monday, 17th July, 1978.

Forms of Proxy must be received at the Company's Head Office not later than 11.30 a.m. on Saturday, 22nd July, 1978.

The Company has, however, arranged for its United Kingdom Registrars to accept proxies at The Lawn, Speen, Newbury, Berkshire, provided they are lodged with the Registrars not later than 11.30 a.m. on Monday, 17th July, 1978.

CHILEAN EXTERNAL LONG TERM DEBT LAW NO. 8962

CITY OF ANTOFAGASTA 5% LOAN 1914

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above loan for June 1978, bonds for a nominal amount of £300 have been drawn for redemption. The following are the numbers of the bonds drawn for redemption at par on 30th June 1978, after which date all interest thereon will cease.

3 Bonds of £100 Nominal Value each = £300.

194 380 974

These bonds should be presented at the London Offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 30th June 1978, otherwise the amount of the missing coupons will be deducted from the principal moneys.

CHILEAN EXTERNAL LONG TERM DEBT LAW NO. 8962

MUNICIPALITY OF CONCEPCION 5½% LOAN 1923

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above loan for June 1978, bonds for a nominal amount of £500 have been drawn for redemption. The following are the numbers of the bonds drawn for redemption at par on 30th June 1978 after which date all interest thereon will cease.

5 Bonds of £100 Nominal Value each = £500.

1167 1190 1442 1455 1484

These bonds should be presented at the London Offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 30th June 1978 otherwise the amount of the missing coupons will be deducted from the principal moneys.

UKO INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the record date and time for preparation of the final dividend, payable on 11th August 1978, is Friday, 30th June 1978 at 5.00 p.m.

By Order of the Board,
J. F. GITTUS, Secretary.

PUBLIC NOTICE

CITY OF WESTMINSTER

London Borough Bills amounting to £10m million were issued on 20 June 1978 for maturity on 19 September 1978. Applications totalled £310 million. The minimum price of accepted tenders was 97.71 and 39% of the issue was allotted to this price. The average rate of discount was 9.14658%. No other bills are outstanding.

هكذا من الأصل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	163.0	173.0	...	—

As at May 31. Next sub. day June 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK254.36	...	2.80
Jardine J'pn.Fd.*	$HK319.04	...	0.90
Jardine S.E.A.	$US14.22	...	2.20
Jardine Flem.Int.	$HK9.70	...	—

NAV May 28. *Equivalent $US68.45. Next sub. June 15.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr 1403	1538	-4	2.90
Bondselex	Fr 118.90	125.00		—
Keyselex Int'l.	£6.61	7.29		—
Keyselex Europe	£3.96	4.46		3.70
Japan Gth. Fund	$US24.42	26.27		—
Keyselex Japan	£12.18	13.32		—
Cent. Assets Cap.	£133.76		+0.04	.....

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US10.59	-0.04	0.96

Net asset June 19.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Fd. June 19	$US9.61	-0.04	—
Eng. Int. June 19	$US17.62	-0.10	—
Gr. St. $Fd. Apr 31	$US7.09	.....	—
Mr. Eur. June 14	$US10.36	10.48 ...	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. May 25	$US12.32	12.64	...	—
CMT Ltd. May 25	£12.58	12.90	...	—
Metals Tst. June 16	£12.17	12.47	...	—
TMT June 8	$US10.57	10.85	...	—
TMT Ltd. June 8	£10.68	10.96	...	—

World Wide Growth Managementφ
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US15.16	+0.09	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by φ. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 461-466

INSURANCE BASE RATES

† Property Growth 9¼%
† Vanbrugh Guaranteed .... 9 %
† Address shown under Insurance and Property Bond Table.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road,
Greenwich, SE10 8NL.

*Deposit Rate 5.25. Share Accounts 5.80. Term Shares 2 yrs. Sub'pn. Shares 6.75. 1% above share rate. 3 yrs. 1½% above share rate. Interest paid Quarterly on share/term shares. Monthly Income shares, 5.60%.

LONDON GOLDHAWK
(01-995 8321)
15-17 Chiswick High Road,
London W4 2NG.

Deposit Rate 5.25. Share Accounts 5.75. Sub'pn. Shares 7.00.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly	20½	......	—	—
34½	33	Do. 5pc Pref.	34½xd	......	—	—
98	93	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4½pc	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do. 6pc 28 Stab. Ass.	51	......	6	£6.00
41	40	Do. 4pc Mixed Ass.	43	......	4	£4.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	......	—	12.60

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

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Conversion factor 0.6607 (0.6628)

CANADIANS

S.E. List Premium 51½% (based on $2.0605 per £)

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هكذا من الأصل

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[illegible]

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[illegible]

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[illegible]

Components

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SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

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Investment Trusts

[illegible]

INV. TRUSTS—Continued

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Finance, Land, etc.

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[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	180	......	Q50c	1.3	23.7
24	15	Rhod'n Corp. 16½p.	16		0.56	7.1	5.3
80	52	Roan Cons. K4	70	+2	—	—	—
175	122	Tanganyika 50p	155xd	−1	Q10.0	φ	6.4
90	78	Do. Pref. 80p	90xd	......	Q9%	16.4	8.0
41	32	Wankie Col. Rh.1	36	......	†Q7½c	1.4	17.8
20½	10	Zam.Cpr.SBD0.24	13½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	13	−1	—	—	—
132	64	Bougainville 50 Toea	114	−2	Q8c	1.4	4.4
125	63	EH South 50c	106	−2	—	—	—
820	150	Central Pacific	520	−50	—	—	—
245	148	Conzinc Riotinto 50c	230	−5	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	55		—	—	—
138	81	Hamptn Areas 5p	127	−1	1.45	4.1	1.7
30	10	Metals Ex. 50c	25		—	—	—
222	125	M.I.M. Hldgs. 50c	199	−9	Q9c	1.7	2.8
39	20	Mount Lyell 25c	32		—	—	—
[illegible]	1½	Newmetal 10c	4¼	−¼	—	—	—
143	79	North B. Hill 50c	121	−2	Q8c	1.5	4.1
16	8½	Nth. Kalgurli	13½	−½	—	—	—
178	117	Oakbridge $A1	170		†Q11c	1.9	4.0
43	30	Pacific Copper	37½	−½	—	—	—
£14¾	750	Pancont'l 25c	£14	−¼	—	—	—
49	12	Paringa M&Ex. 5p	37½	−1	—	—	—
558	310	Peko-Wallsend 50c	490	−20	Q15c	4.0	1.9
200	50	Southern Pacific	180	−15	—	—	—
160	84	Western Mining 50c	142	−2	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50	−5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
360	240	Ayer Hitam $M1	355	......	‡Q[illegible]	0.9	‡
60	45	Beralt Tin	53	......	3.75	4.4	11.2
290	200	Berjuntai $M1	290	−5	‡Q[illegible]	φ	‡
145	111	Geevor	135	......	h4.51	3.4	5.1
10	6½	Gold & Base 12½p	9½	......	—	—	—
290	220	Gopeng Cons.	290	......	15.0	0.9	7.9
165	130	Hongkong	165	......	—	—	—
93	78	Idris 10p	88	......	12.0	1.6	21.8
11	10	Jantar 12½p	10		—	—	—
74	68	Kamunting $M0.50	74	+6	[illegible]	0.7	4.5
490	450	Killinghall	490	......	Q125	φ	25.5
400	280	Malay. Dredging $M1	400	......	†Q95c	0.9	5.1
70	40	Pahang	70	......	[illegible]	0.5	‡
62	50	Pengkalen 10p	60xd	......	6.5	1.3	16.7
210	165	Petaling $M1	205xd	......	†Q80c	3.6	8.8
[illegible]	[illegible]	Saint Piran	57		[illegible]	[illegible]	[illegible]

[illegible]

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	90	+3	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p	15	......	—	—	—
300	220	Cons. Murch. 10c	240	+15	‡Q30c	2.6	‡
465	245	Northgate C$1	435	−5	—	—	—
234	164	R.T.Z.	224	−1	9.5	2.8	6.4
90	30	Sabina Inds. C$1	74	−3	—	—	—
£12	750	Tara Expln. $1	£11⅛	+⅛	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	φ	4.7
180	120	Yukon Cons. C$1	180	......	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ▲ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◇ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr. Est. 50p	270	......
Clover Croft	26	......
Craig & Rose £1	445xd	......
Dyson (R. A.) A	37	......
Ellis & McHdy	61	−1
Evered	18	......
Fife Forge	50	......
Finlay Pkg. 5p	23	......
Graig Ship. £1	154	......
Higsons Brew	80	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	265	......
N'thn. Goldsmith	53	......
Pearce (C. H.)	165	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	90	......

IRISH

Conv. 9% '80/82	£90⅝	−⅛
Alliance Gas	73	......
Arnott	344xd	......
Carroll (P.J.)	92xd	......
Clondalkin	98	......
Concrete Prods.	130	......
Heiton (Hldgs.)	44	......
Ins. Corp.	148	......
Irish Ropes	130	......
Jacob	65	......
Sunbeam	30	......
T.M.G.	170	......
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	13
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr.	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	38
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday June 21 1978

CBI believes Healey against cut in hours

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

LEADING industrialists believe that they have the support of Mr. Denis Healey, Chancellor of the Exchequer, for their view that a cut in the standard working week should not be included as an automatic entitlement in the next stage of the Government's pay policy.

This emerged after an hour-long meeting yesterday between Mr. Healey and a delegation from the Confederation of British Industry, led by Mr. John Greenborough, president, and Sir John Methven, director-general.

Industrialists are seriously concerned about the impact of a cut in Britain's standard 40-hour working week on unit costs and productivity.

They made this the main plank of their submission to the Chancellor on what should happen when the present phase of pay policy expires at the end of next month.

They also expressed concern about the latest figures on pay rises in the present wage round and said that any new rules for a further phase should provide for maximum negotiating flexibility including productivity deals.

The present Government sanctions against employers who award high rises should be abandoned, they add.

Later this week, TUC leaders will tell the Chancellor that the best way of winning union support for further wage restraint would be to allow a two-hour cut in the present 40-hour week as a first step towards a target of a 35-hour week.

Difficult

But yesterday, the Confederation's delegation urged the Chancellor that he should reject this proposed trade-off because of the effect it would have on British companies' competitiveness in international markets.

The industrialists believed that the Chancellor agreed with their views, although they realised that it may be difficult for him totally to reject the TUC's claim during the coming weeks, especially at a time when the Government will want to present a united front within the Labour movement in the run-up to a General Election.

The Confederation is now preparing a policy paper setting out the arguments against allowing a general reduction in working hours.

Its council will consider the problems involved at its monthly meeting today, when leaders of yesterday's delegation will report on the talks with the Chancellor.

Estimates being prepared by the Confederation suggest that recent Employment Department figures on the cost of moving to a 35-hour week are too low.

The Department estimated that there would be an 8½ per cent addition to labour costs.

Basnett accuses Bank, Page 8

Surcharge 'would increase jobless by only 5,000'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, yesterday claimed that proposals to raise the employers' national insurance surcharge would increase unemployment by only 5,000 by the April-June quarter of next year.

The alternative of a rise in Value-Added Tax would boost the numbers out of work by 35,000 over the same period.

This emerged in evidence to the social services and employment subcommittee of the all-party Commons Expenditure Committee yesterday.

It is the first time a Chancellor has given evidence to a Commons select committee, and the 70-minute session ranged over the prospects for unemployment, the surcharge and a brief discussion of pay.

Mr. Healey took a relatively optimistic view of the prospects for a fall in unemployment.

But the impact of the rise in economic activity might be "muffled," given the evidence that a "great deal more overtime is being worked," with a 5 per cent rise in the last three months compared with the previous quarter.

Moreover, the job preservation measures meant that in some cases companies had kept people on who would be needed when the upturn developed.

Mr. Healey used the opportunity to present the most detailed defence so far of the proposed rise in the surcharge.

He maintained that to recoup the loss of revenue in the current financial year from the income tax cuts pushed through the Finance Bill committee, the standard rate of VAT would have had to increase by 2.8 percentage points from July 1.

He argued that both the employment and price effects of a rise in VAT were less favourable than the rise in the surcharge.

An increase in VAT would boost the retail price index by 1.2 per cent by the second quarter of next year, with most of the rise coming through completely in the next month or two.

A higher surcharge would, according to the Treasury, boost prices by 0.7 per cent over the same period depending on how much was passed on by companies.

Mr. Healey contrasted a 35,000 rise in unemployment by the second quarter of 1979 from VAT with the 5,000 increase from the surcharge.

He added that by the first quarter of 1980 the effects of the measures themselves would be more nearly equal. CBI estimates of a loss of 100,000 jobs were seriously exaggerated, he added.

He indicated that since the full revenue impact of the surcharge would be not until 1979-1980 — about £1bn more than the loss of revenue from the cut in income-tax — this might provide leeway for offsetting action later.

Mr. Healey also argued that a sharp rise in prices now resulting from a rise in VAT would seriously affect the willingness of working people to observe moderation in the next pay round.

Deliberate Government action to increase prices would not be compatible with this aim.

The current round was working better than anyone expected and he believed that the earnings rise in the year to July would "with luck" be below 14 per cent.

This refers to the new earnings index covering the whole economy which increased by 12.5 per cent in the year to April.

Parliament Page 8
Editorial Comment Page 18

Continued from Page 1

EEC fishing

Minister of Agriculture, Fisheries and Food, said the real question at issue was not so much that of quotas or specific measures but "what it is to be an island, to have fishermen as an integral part of national life, not just on the periphery."

The present impasse leaves open the question of reciprocal fishing arrangements with Norway, Sweden and the Faroe Islands, due to expire on Thursday.

Britain has refused to formalise these arrangements pending internal agreement.

If, as is widely expected, they are not extended again tomorrow because of the internal deadlock, Community vessels would be excluded from these northern waters and from substantial catches of haddock and cod.

Continued from Page 1

Canvey safety

last night that in spite of the conditions of the factory inspectors—their refusal, for example, to give the company access to a jetty—it was still interested in permission to build.

The report concludes that there is no risk whatsoever of the type of accident most feared by the local population: the so-called "domino effect," in which a big accident at one plant might set off a chain of explosions leading to the devastation of the site.

The report also criticises the failure of the Port of London Authority to enforce speed limits on bulk carriers destined for Canvey. Despite the clear note of reassurance offered in the report, the most detailed carried out on a non-nuclear industrial site, the Health and Safety Executive has little doubt that one consequence will be to make planning consent more difficult to obtain for big petrochemical projects.

Canvey: an investigation of potential hazards from operations in the Canvey Island/Thurrock area. SO. £10.

Weather

UK TODAY

BRIGHT AT first, rain spreading from the West later.

London, S.E., Cent. S., E., Cent. N. England, E. Anglia, E. Midlands, Channel Islands

Bright, becoming cloudy, rain later. Max. 17C (63F).

S.W. and N.W. England, Wales W. Midlands

Rain or drizzle, becoming brighter with showers. Max. 17C (63F).

Lakes, Isle of Man, N.E. England, S. Scotland, N. Ireland

Rain, hill fog. Max. 14C (57F).

N. Scotland

Sunny intervals, showers. Max. 13C (55F).

Outlook: Cool and changeable.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	22	72	Madrid	F	16	61
Athens	S	34	93	Manchstr.	F	17	63
Bahrain	S	35	95	Melbourne	F	9	48
Barcelona	C	23	73	Mexico C.	C	22	72
Beirut	S	27	81	Milan	F	24	75
Belfast	C	13	55	Montreal	C	17	63
Belgrade	S	22	72	Moscow	C	10	50
Berlin	S	24	75	Munich	F	18	64
Birmghm.	S	19	66	Newcastle	S	18	64
Bristol	F	18	64	New York	S	26	79
Brussels	S	22	72	Oslo	S	22	72
Budapest	F	23	73	Paris	S	22	72
B. Aires	S	11	52	Perth	F	17	63
Cairo	S	36	97	Prague	C	20	68
Cardiff	S	17	63	Reykjavik	F	7	45
Chicago	C	25	77	Rio de J'o	S	28	82
Cologne	F	21	70	Rome	S	26	79
Copnhagn.	S	19	66	Singapore	R	23	73
Dublin	C	14	57	Stockholm	S	19	66
Edinburgh	C	17	63	Strasbrg.	F	19	66
Frankfurt	F	19	66	Sydney	C	16	61
Geneva	F	19	66	Tehran	C	26	79
Glasgow	C	13	55	Tel Aviv	S	27	81
Helsinki	S	21	70	Tokyo	C	31	88
H. Kong	S	31	88	Toronto	S	23	73
Jo'burg	S	14	57	Vienna	S	23	73
Lisbon	S	22	72	Warsaw	F	23	73
London	F	23	73	Zurich	F	19	66
Luxembrg.	C	15	59				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	23	73	Istanbul	F	23	73
Algiers	C	21	70	Jersey	C	16	61
Biarritz	F	18	64	Las Plms.	C	22	72
Blackpool	S	16	61	Locarno	F	22	72
Bordeaux	F	21	70	Majorca	F	24	75
Boulogne	S	17	63	Malaga	S	24	75
Casblnca.	F	19	66	Malta	S	29	84
Cape Tn.	C	15	59	Nairobi	R	19	66
Corfu	S	32	90	Naples	F	23	73
Dubrovnik	S	26	79	Nice	S	23	73
Faro	S	20	68	Oporto	S	17	63
Florence	F	23	73	Rhodes	S	31	88
Funchal	C	19	66	Salzburg	F	19	66
Gibraltar	S	23	73	Tangier	S	21	70
Guernsey	C	13	55	Tenerife	F	15	59
Innsbruck	C	20	68	Tunis	S	27	81
Inverness	C	15	59	Valencia	C	21	70
Is. of Man	S	13	55	Venice	S	24	75

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Company profits level off despite N. Sea growth

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

COMPANY PROFITS have levelled off in the past six months after rising sharply in the previous year. That is in spite of a marked growth in profits from North Sea activities.

The trend is suggested by the provisional estimate for Gross Domestic Product in the first three months of this year, published yesterday by the Central Statistical Office. The figures confirm that the rate of economic growth picked up earlier in the year, although by slightly less than at first estimated.

The levelling off in company profits has been shown by the published figures for individual companies and by official statistics of real profitability, which adjust for the effects of inflation on the value of stocks of goods and raw materials.

Gross trading profits of companies net of stock appreciation were £3.14bn, seasonally adjusted, in the first three months of this year compared with £3.05bn in each of the previous two quarters. But there had been a growth of nearly two-thirds in the year to the July-September period of 1977.

The levelling off reflects cost pressures and the impact of last year's rise in sterling on the large percentage of profits earned abroad and from exporting.

The figures so far probably give too favourable a view of the position for much of British industry. Although a detailed breakdown is not yet available, it is likely that a rise in profits from North Sea operations, suggested by the production figures, has offset a decline in other sectors.

Gross trading profits, net of stock appreciation increased by nearly 9 per cent in the past six months compared with the previous half-year, against a 80 per cent increase previously. Profits before deducting stock appreciation were litle changed on a six-month comparison.

The short-term rise in economic activity is best shown by the output estimate of Gross Domestic Product, which rose by 0.8 per cent in the first three months of this year compared with the previous quarter. That is slightly lower than the original estimate of a 1.17 per cent increase, largely because the economy is thought to have grown a little towards the end of 1977, producing a higher base figure.

Recent evidence points to an acceleration in the growth of activity in the past couple of months, supporting official hopes that the annual rate of expansion is now about 3 per cent.

On a longer-term view, the average estimate of Gross Domestic Product increased by about ½ per cent between the past two six-month periods after taking account of income, expenditure and output data.

On the same basis, the volume of consumers' expenditure rose by roughly 3 per cent although exports fell slightly and imports rose by 2½ per cent.

The total volume of gross fixed capital formation was little changed in the first three months of this year, continuing at much the same level as during last year.

Hospital electricians likely to seek parity with private sector

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT will today face repercussions in the public sector at its failure to block a pay deal for electricians in the private sector which could break the pay guidelines.

Hospital electricians, working to rule throughout the country, are likely to demand the same treatment as their private sector colleagues in talks with Health Department officials today.

They will insist on bonus payments for everyone, even where incentive schemes permitted by the pay guidelines have not yet been introduced.

The executive of the Electrical and Plumbing Trades Union yesterday endorsed the decision by Mr. Peter Adams, national union officer, to postpone the planned strike last Friday, but decided not to call off the overtime ban and other industrial action affecting hospitals since Monday.

Hospital electricians have demanded parity with similar workers in the electrical contracting industry since well before their settlement date in January, and seem unlikely to accept anything short of a firm date for achieving that level today.

A delegates' conference is to take place on Monday when, the union says, there must be a firmer offer than another promise by the Department to encourage more incentive schemes in the Health Service.

In a recent test case involving Holliday Hall, the Croydon-based electrical contracting company, the Attorney General said that the Government, in rejecting a bonus in-lieu deal for workers not on a productivity scheme, did not intend to cause a breach of contract.

So the deal went ahead. But the Government warned that it might still impose sanctions if a breach emerged.

Hospital electricians are likely to emphasise the importance of the bonus-in-lieu deals in view of the recession in the construction industry, which has prevented many private companies from introducing genuine productivity schemes.

The union argues that, in spite of promises of several years ago, only a third of hospital electricians benefit from such incentive schemes.

It accuses the Government of not honouring a 1972 agreement to maintain parity with workers in the private sector until a separate pay structure for the hospital electricians was worked out.

Audiotronic Holdings loses £1.5m in French venture

A DISASTROUS move into the French hi-fi market has cost Audiotronic Holdings, owners of the Lasky's chain, up to £1.5m.

This loss, revealed yesterday, has forced the company to raise £1.5m in new capital. Mr. Derek Smith, is being replaced as chairman by one of the providers of the funds, Mr. Geoffrey Rose.

This is the third time that Mr. Rose has become chairman of a troubled company by subscribing for preference shares. The other two were Change Wares, a constructor of wire-mesh fittings, and Crellon Holdings, an electronics company.

New subsidiary

Audiotronic is to issue £1.5m of cumulative preference shares with dividend and subscription rights. Mr. Rose and two associates are to subscribe for £250,000 worth and the remainder will be placed by stockbrokers Buckmaster and Moore.

Audiotronic made its move into France last year when it arranged with the receiver of King Musique, a failed French hi-fi chain, that a new subsidiary Laskys SA should rent King Musique's 50 outlets.

The Audiotronic management remained confident until quite recently that this chain —pruned somewhat—would be a successful venture. But the audited figures for the period till the end of February 1978 revealed substantial losses and Audiotronic decided to pull out.

Mr. Michael Adler, a director of Audiotronic, has resigned. Mr. Rose will join the Board as chairman with his two associates, Mr. Dan Sullivan and Mr. Benson Selzer, as new directors.

Audiotronic's shares fell by 6p to 25p on the news.

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Sir Keith criticises NEB micro-electronics plan

BY JOHN LLOYD

SCEPTICISM about National Enterprise Board plans to manufacture micro-electronic circuits at a cost of around £50m was expressed yesterday by Sir Keith Joseph, Conservative spokesman for Industry.

In a letter to Mr. Eric Varley, Industry Secretary, Sir Keith says that the plan "has given rise to some criticism and anxiety."

Approved by the Cabinet last month, it is thought to hinge on development of the next stage of micro-circuit technology — a silicon chip containing 64,000 separate memory cells, known as the 64K RAM.

Leading electronic manufacturers have criticised the investment as being too small for the creation of an effective chip industry.

Sir Keith writes: "It is not my intention to make commercial judgments, but you must be as aware as I am of the scepticism in industry as to whether it really is wise to try to leapfrog into the 64K RAM chip."

"Many informed people do not consider it prudent to attempt, at this stage, to catch up the Japanese and Americans in the volume production of general purpose computer chips without multi-national backing."

Some people feared that the £30m-£50m that the NEB is believed to be putting up for this venture would simply be the first instalment in a costly failure.

Sir Keith's letter comments:

- Department of Industry officials had previously said they were opposed to what the NEB is doing in evidence given to a National Economic Development Office working party.
- The NEDO working party was "kept in the dark" about NEB strategy.
- English and American engineers, believed to stand to gain "considerable personal fortunes" if the venture is successful, will do so at the expense of the taxpayer, who bears all the risks.
- Earnings and capital gains of the engineers may not be subject to UK taxes.

Lord Peart, Lord Privy Seal and chairman of the Government's Advisory Council for Applied Research and Development, said yesterday that the Government is considering assisting manufacture of integrated circuits by companies already established in the UK, as well as investing in the NEB plan.

Speaking to the Parliamentary and Scientific Committee, he said that the Government had identified three separate issues in the rapid development of micro-electronics:

These were the establishment of a UK manufacturing base for chips, ways to encourage UK industry to take advantage of the new technologies and finally, the problem of social adaptation to the new technology.

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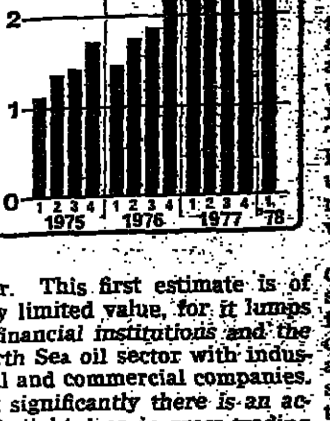
THE LEX COLUMN

A familiar tale from Plessey

Index fell 3.6 to 463.4



Plessey watchers nodded knowingly as the group announced yet another set of disappointing figures yesterday. At the halfway stage Plessey had still seemed to be on target for a one-fifth rise in pre-tax profits to around £48m. But at the nine months stage growth was clearly slipping, and the group finished the year just 6 per cent ahead at £42.9m.

The immediate reason has been the plight of Garrard, where the losses emerge at £5.6m for the year. But there is rather more to it than that. The profitability of Plessey's supposedly booming electronic systems division has also been uninspiring, with the 26 per cent turnover jump leading to a rise of only 8 per cent in operating profits. The absence during the year of major contract completions is said to be a factor here. Elsewhere Plessey's accounting treatment of its telecommunications side — another £7m has been charged below the line, to add to the previous year's £16m provisions — makes it impossible to derive much sense from the level of divisional profits credited above the line, just £1.9m lower at £16.6m for public telecom systems.

All is not bad, however. The order book was a sixth higher at £700m by the March year-end, and some big Middle Eastern orders have apparently been booked since then. The number of UK employees tumbled by 13 per cent during 1977-78, implying big gains in productivity, and reduced losses (but not profits) are promised at Garrard, after drastic surgery. Some of the optimists are once again hoping for £50m pre-tax this year, though the first quarter will not show much of an improvement.

The general impression is that Plessey's non-growth status (it earned £40m pre-tax four years ago on two-thirds of the latest turnover) is confirmed. Yet the market put the shares 1p better at 99p, suggesting that the decent balance sheet and the yield of 8.5 per cent offset the lack of longer term earnings growth.

Company profits

The provisional GDP figures indicate that company profits net of stock appreciation stayed in the first quarter of 1978 more or less on a plateau first reached in the third quarter of last year. This first estimate is of only limited value, for it lumps in financial institutions and the North Sea oil sector with industrial and commercial companies. But significantly there is an actual slight drop in gross trading profits compared with the same quarter of 1977, which would certainly tie in with recent poor individual company results. Yet the real picture is much better than this for net of stock appreciation (only a third as big as for January-March 1977) trading profits are 40 per cent higher.

Excluding the North Sea, however, it may well be that industrial and commercial companies are having difficulty in holding on to the levels of profits which they first reached in the middle of last year. With wage costs racing ahead of prices there is bound to be a degree of concern about the trend from here on.

Allied Breweries

Allied Breweries has done a little better than most expectations, turning in pre-tax profit for the 32 weeks 14½ per cent higher at £45.1m. Surprisingly, most of the improvement has come from the troubled beer business which Allied has just reorganised into 11 separate companies. Apparently, the beer profit figures reflect volume growth in line with the recent industry average of 3 per cent, suggesting that Allied may be over the worst. But a significant factor will also have been the 7 per cent price rise in January, which may have accounted for as much as half of the £6m increase in group pre-tax profits.

One perspective on the [illegible] ahead is provided by comparison with [illegible] Charrington. In 1973 Allied [illegible] pre-tax profits of [illegible] more than Bass. By [illegible] however, Bass had [illegible] £80m, some £9m ahead of Allied Breweries. Such comparisons depend very much on when one starts, but there can be [illegible] doubt which way the trend has been.

A factor has been Allied's greater dependence on wine and spirits—now representing around 45 per cent of sales—where the market has yet [illegible] recover to its pre-1975 level. The picture here for the first half of the current year [illegible] unexciting, though the division may have gained a little volume.

The outlook for the [illegible] depends very much on the sun shining. Analysts are hoping for an increase of about 17 per cent to give pre-tax profits of about £90m. This puts the shares on a prospective fully taxed multiple of 10½, a good premium against the sector.

Audiotronic

Mr. Geoffrey Rose and associates are becoming specialists in making shareholders offers they cannot refuse. Audiotronic is the third group to accept their attention within a year; in this case the roof has fallen in as a result of a disastrous expansion into France last year. Pulling out of France could result in losses and provisions of up to £1.5m—bad news for a business with net worth just over £2m and lots of creditor finance.

In the circumstances some kind of holding operation was plainly vital. Bid talks broke down at the last moment, and in came Mr. Rose with his familiar package of preferred stock with rights to equity in the future. But there is a heavy cost for existing shareholders. The preferred carries a coupon of 12 per cent and rights to share in any dividend on the ordinary, together with rights to subscribe for up to a quarter of the enlarged equity in 19[illegible] at 20p a share. The current market price is 25p, down [illegible] yesterday.

The Audiotronic directors are supporting the deal with over 50 per cent of the equity. Independent shareholders may wonder whether there is any less painful way of paying for the Board's howler.

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